WATER | ENERGY | LIFE

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES **DATE: APRIL 27, 2026**

SUBJECT: FOURTH AMENDMENT TO THE INTERCONNECTION FACILITIES AGREEMENT BETWEEN SOUTHERN CALIFORNIA EDISON COMPANY AND THE CITY OF RIVERSIDE FOR RIVERSIDE TRANSMISSION RELIABILITY PROJECT

ISSUE:

Consider recommending that City Council approve the Fourth Amendment to the Interconnection Facilities Agreement between Southern California Edison Company and the City of Riverside, reducing the Interconnection Facilities cost from $15,935,410.88 to $14,223,280.00 and revising the payment schedule and project completion date for the Riverside Transmission Reliability Project.

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Approve the Fourth Amendment to the Interconnection Facilities Agreement between Southern California Edison Company and the City of Riverside, reducing the Interconnection Facilities cost from $15,935,410.88 to $14,223,280.00 and revising the payment schedule and project completion date; and

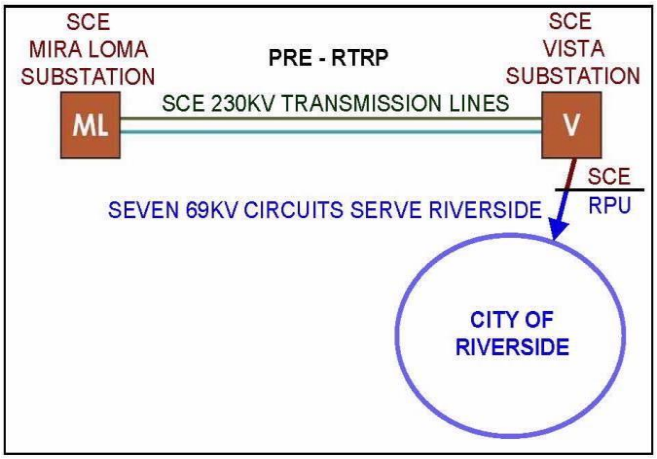
2. Authorize the City Manager, or his designee, to execute the Fourth Amendment to the Interconnection Facilities Agreement, including minor non-substantive changes, and to sign all documents necessary for Southern California Edison Company to complete the filing with the Federal Energy Regulatory Commission.

BACKGROUND:

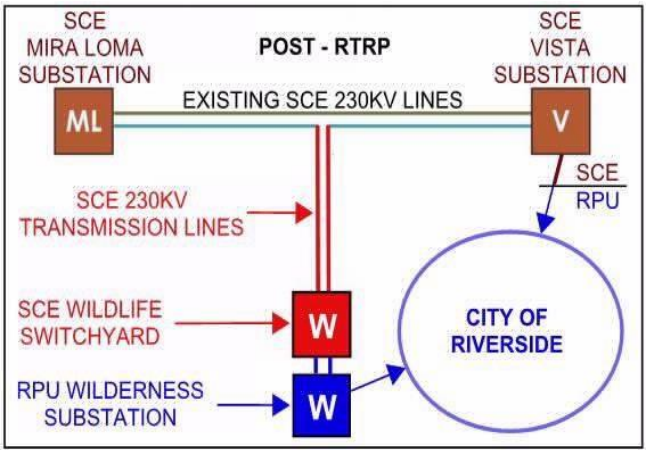
The Riverside Transmission Reliability Project (RTRP) is a joint project with Southern California Edison (SCE) to provide Riverside with a second connection to the State electric transmission grid to address the capacity and reliability needs of the City. The Board of Public Utilities approved the RTRP in January 2006. Funds are available in RTRP Work Order No. 642975 to support the above recommendations.

Following Riverside Public Utilities' (RPU) December 2004 application for service from SCE, and SCE's System Impact and Facilities studies in 2005, SCE and Riverside entered into the Interconnection Facilities Agreement (IFA) defining the terms and conditions regarding RTRP

participation, ownership, construction, operation, and cost sharing. The IFA was approved by City Council (Council) in March 2009 and certified by the Federal Energy Regulatory Commission (FERC) in April 2009. Since then, Council has approved three amendments to the IFA, the first in August 2010, the second in March 2018, and the third in December 2018.



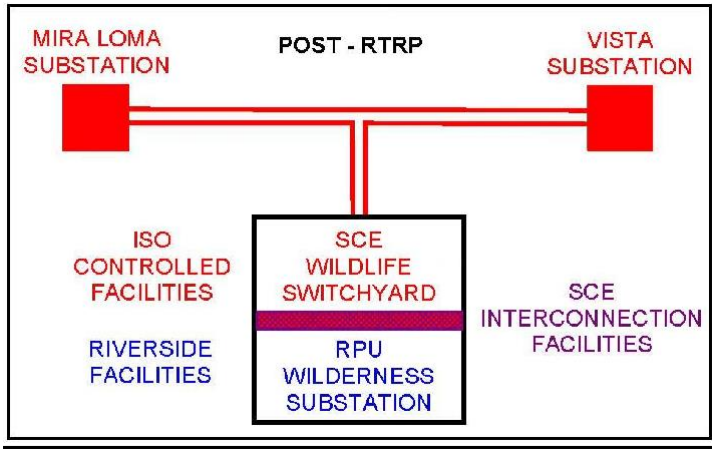
Single Connection to the State Grid



Two Connections to the State Grid

Pursuant to the IFA, SCE will construct, own, and operate the Wildlife Switchyard and the transmission facilities between the Wildlife Switchyard and SCE's Mira Loma and Vista Substations, collectively known as "ISO Controlled Facilities". The ISO is California's Independent System Operator, the agency responsible for managing the flow of power across the high-voltage transmission lines within California.

Furthermore, SCE will construct, own, and operate the facilities interconnecting SCE's Wildlife Switchyard and Riverside's Wilderness Substation, collectively known as "SCE's Interconnection Facilities". Riverside will construct, own, and operate the Wilderness Substation and the facilities between the Wilderness Substation and Riverside's substations, collectively known as "Riverside Facilities".



ISO Controlled Facilities / Riverside Facilities

The CPUC approved the projects Certification of Public Convenience and Necessity (CPCN) on March 12, 2020 signifying approval of the project to proceed forward. Upon approval of the CPCN and in accordance with the 3rd Amendment, SCE reimbursed the City for all the cost of the ISO Controlled Facilities in the amount of $15,439,000 on May 31, 2020.

In addition to the costs reimbursed to the City,, there are non-reimbursable costs. Riverside is responsible for the entire cost of the Riverside Facilities and SCE's Interconnection Facilities including the non- reimbursable payments to be made to SCE for the SCE Interconnection Facilities Cost and the SCE Interconnection Facilities One-Time Cost. Riverside is also responsible for the non-reimbursable payments to SCE for the SCE Interconnection Facilities Income Tax Component of Contribution (ITCC tax). The tax is applied to the SCE Interconnection Facilities Cost and SCE Interconnection Facilities One-Time Cost payments. To date, RPU has not paid SCE any of these non-reimbursable costs. The non-reimbursable costs cited in the 3rd Amendment to the IFA are based on a 2018 SCE estimate and need to be updated to reflect the delay in the development of the project.

DISCUSSION:

The Fourth Amendment of the IFA reflects the following changes based on the RTRP project:

Project Completion Date:
Under the 3rd IFA Amendment, the scheduled commissioning date for SCE's Wildlife Substation was July 2023. Since that time, the project schedule has been delayed, resulting in a revised commissioning date. SCE is now proposing to commission the Wildlife Substation on or before October 2029. Following SCE's commissioning of the Wildlife Substation, RPU will complete commissioning of the Wilderness Substation within six months of that date.

Non-Reimbursable Costs:
Based on SCE's most recent cost estimates, the proposed Fourth Amendment to the IFA updates the Facilities Cost and Payment Schedule (see Table 2). Under SCE's updated estimate, the total interconnection facilities cost is reduced from $15,935,410.88 to $14,223,280.

While substation- and ITCC-related costs included in SCE's non-reimbursable Interconnection Facilities Cost and ITCC increased due to inflation, those increases were fully offset by a reduction in the estimated cost of distribution line relocation. Although distribution line relocation work was identified in the initial estimate, the scope of that work was further refined as design progressed. As a result, the updated estimate reflects a reduced scope of relocation work required to accommodate the new transmission lines.

	Table 2: "IFA Exhibit B – Facilities Cost"				
	Third Amendment		**Fourth Amendment**		
	Existing IFA (A)	**Amount Paid to SCE by RPU** (B)	**Proposed IFA** (C)	**Difference Between Proposed and Existing IFA's** (C) - (A)	**Proposed Amount Due SCE by RPU** (C) - (B)
Non-Reimbursable SCE Interconnection Facilities Cost "Riverside Facilities/Wildlife Substation"	$10,597,912.00	$0.00	$10,847,000.00	$249,088.00	$10,847,000.00
Non-Reimbursable SCE Interconnection Facilities One-Time Cost (Distribution facilities relocation)	$2,794,000.00	$0.00	$773,000.00	($2,021,000.00)	$773,000.00
Non-Reimbursable SCE Interconnection Facilities ITCC (tax)	$2,543,498.88	$0.00	$2,603,280.00	$59,781.12	$2,603,280.00
TOTALS	**$15,935,410.88**	**$0.00**	**$14,223,280.00**	**($1,712,130.88)**	**$14,223,280.00**

Payment milestone:
The payment milestone schedule for the non-reimbursable interconnection facilities has been revised. The starting date has shifted from January 2020 to July 2026, and the final payment is now scheduled for July 2029, as reflected in Exhibit C in the IFA Fourth Amendment.

Cost of ISO Controlled Facilities:
These are facilities owned by SCE and placed under the operational control of the ISO, and their cost is not the responsibility of the City. The cost has increased from $405,299,000 to $750,240,000.

Miscellaneous:
Other minor updates were made to reflect activities that have already been completed and to add clarifying language, including updates to certain definitions.

FISCAL IMPACT:

The fiscal impact is a net reduction of $1,712,130.88 in Interconnection Facilities costs to the City. The agreement is budgeted in the existing RTRP budget and will result in a lower net expenditure on the project related to the lower Interconnection Facilities costs.

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Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. 4th Amendment Letter
2. 4th Amendment (Clean)
3. 4th Amendment (Redlined)
4. Presentation