



STEERING COMMITTEE

Agenda Report

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File #: 2026-4851

Agenda Date: 3/25/2026

Agenda Item No: 18.

FROM: Robert Thompson, General Manager
Originator: Riaz Moinuddin, Director of Operations & Maintenance

SUBJECT:

PLANT NO. 1 ADDED FACILITIES AGREEMENT RENEWAL WITH SOUTHERN CALIFORNIA EDISON COMPANY

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve the Added Facilities Agreement with Southern California Edison Company and Orange County Sanitation District, for the Orcosan Substation at Plant No. 1, AF00801-001, ensuring perpetual replacement cost coverage.

BACKGROUND

Both Orange County Sanitation District's (OC San) Plant No. 1 and Plant No. 2 have dedicated electrical substations, designated as Orcosan and Orcogen respectively, which connect them to the Southern California Edison Company (SCE) power grid. Substations contain equipment that transforms the high voltage (66 kV) from SCE to the lower voltage (12.5 kV) required by the treatment plants. While OC San pays for the substation equipment, ownership remains with SCE.

Under a 20-year Added Facilities Agreement (AFA) signed in April 2006, OC San pays a monthly fee to SCE for the Plant No. 1 Orcosan substation equipment, including replacements during the AFA term. Currently, this fee is \$16,593.80.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level of standard

PROBLEM

The existing AFA for Plant No. 1 Orcosan substation will expire on April 20, 2026. SCE has offered three renewal options:

- 1) Terminate the AFA service: SCE would remove the Added Facilities equipment and revert to providing standard electrical service.

- 2) Extend AFA service without replacement: AFA equipment would remain in place but would not be replaced if needed. The monthly fee would decrease by \$1,005, to approximately \$15,588, but OC San would be responsible for all equipment replacements as they occur.
- 3) Extend AFA service with replacement coverage in perpetuity: A new AFA with equipment replacement in perpetuity would increase the monthly fee by about \$3,000, and OC San would pay a one-time "Make-Whole Payment" of \$1,633,223 to account for the difference between the amount SCE received under the 20-year AFA and the actual replacement costs.

PROPOSED SOLUTION

OC San staff reviewed the three options and recommends Option (3) to provide uninterrupted electrical service to Plant No. 1, along with certainty about future costs for equipment replacements as they are needed.

TIMING CONCERNS

The current 20-year AFA expires April 2026 and will not automatically renew.

RAMIFICATIONS OF NOT TAKING ACTION

If a new AFA is not enacted, electrical service to Plant No. 1 would revert to SCE's standard low voltage service which will require costly modifications to the electrical systems. This would also decrease the stability and reliability of our electrical system, and increase our electrical costs, because the lower cost, and higher voltage service would no longer be available, and could potentially lead to a service interruption during the transition.

PRIOR COMMITTEE/BOARD ACTIONS

March 2006 - Approved a Sole Source Agreement with Southern California Edison for engineering services, fees, materials, and labor for 66 kV Substation at Plant No. 1, Job No. P1-97, for an amount not to exceed \$6,052,000; approved a monthly charge of \$15,732 for maintenance and equipment replacement costs; and increased the project budget in the amount of \$4,302,947 for a total amount of \$9,475,538.

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

Not having an AFA in place could increase electricity costs and would expose OC San to equipment price increases and budgeting uncertainty for necessary equipment replacements. This item is budgeted in the Operations & Maintenance Budget - Division 830 Repairs & Maintenance, Budget Update FY 2025-26 page 33.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Added Facilities Agreement

RM:jb:ls