



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 07/11/2023

**REQUESTER:** Chris Mattingly, Director of Utilities

**PRESENTER:** Elisabeth Muckala, Asst. City Attorney

**ITEM TITLE:** CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF COMPENSATION AGREEMENT K-2324-20 AND EASEMENT E-2324-1: CONVEYING A TRANSMISSION LINE EASEMENT, AND PROVIDING FOR COMPENSATION FOR SAID EASEMENT, FROM THE CITY OF NORMAN TO NEXT ERA ENERGY TRANSMISSION SOUTHWEST, LLC AT PROPERTY LOCATED AT NW CORNER OF FRANKLIN ROAD AND 12<sup>TH</sup> AVE NE, FOR NEXT ERA'S MINCO-PLEASANT VALLEY-DRAPER TRANSMISSION LINE PROJECT.

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### **BACKGROUND:**

NextEra Energy Transmission Southwest, LLC ("NEET") is a Delaware Limited Liability Company. NEET and its affiliates have been active in energy generation and transmission projects nationwide, including 15 Wind Energy Centers located across 14 Oklahoma counties. In April of 2022, NEET was awarded the Minco-Pleasant Valley-Draper Project ("Project") by the Southwest Power Pool ("SPP"), to be regulated by the SPP and according to those regulations enforced by the Federal Energy Regulatory Commission ("FERC"). The Project is a 48-mile long 345 kilovolt (kV) transmission line interconnecting Minco, Pleasant Valley and Draper substations owned by OG&E, all located within SPP territory.

The project investment is upwards of \$55 million, and the Project is projected to result in congestion savings to Oklahoma between \$286 million and \$804 million over the next 40 years, as well as inject \$14 million in tax revenue for the state over the next 40 years. The 345 kV lines require an easement width of 100 feet and involve typical pole height of 125 feet. The poles are designed to incorporate a compact footprint, withstand harsh weather conditions, and will incorporate concrete foundations and guyed structures.

NEET has been securing necessary easements for its Project for several months and is currently in the process of finalizing the last of those transactions. One such easement is being acquired from the City of Norman upon property owned by the City at the northwest corner of the intersection of Franklin Road and 12th Avenue NE ("Property"). The Norman City Council will also be asked to consider this easement (Easement E-2324-1), an associated compensation Agreement (Contract K-2324-20), as well as a lease (Contract K-2324-21) on the same property to be used temporarily for a "laydown yard" during NEET's construction of the Project.

As directed by the adopted 2001 Wastewater Master Plan, the Property was acquired for a potential future North Wastewater Reclamation Facility (NWRF) in 2002, using wastewater ratepayer funds. Since the acquisition of the property and as directed by Resolutions R-0506-151 (adopted June 13, 2006) and R-0708-78 (adopted January 22, 2008), Lift Station D was upgraded to act as the headworks for the future NWRF facility, with flows conveyed (pumped under pressure) over the Little River ridge, and ultimately conveyed by gravity to the Wastewater Reclamation (Treatment) Facility south of Highway 9. Current flows show conveyance capacity for Lift Station D to be sufficient past 2030. In 2018, an engineering report for the NWRF was completed and proposed a facility design and layout on the Property.

On April 25, 2023, the City Council considered and approved NEET's requested Road Use Memorandum of Understanding ("RUA"), which set a framework allowing the City and NEET to work together for the ultimate creation of agreements regarding the protection, repair, and maintenance of roadways affected by NEET's project. Exhibit A to the RUA identified roads and crossing potentially affected by the construction, so that the City and NEET could inventory and come to agreements regarding treatment of the same.

Additionally, NEET is in the process of obtaining necessary Floodplain approvals, and anticipates its submission of an agreement to the City Council regarding its aerial crossing and temporary construction needs within existing City rights-of-way. Public Works Staff is diligently coordinating these efforts with NEET at this time.

#### **DISCUSSION:**

The Easement and Compensation Agreement presented hereto grants NEET a Transmission Line Easement across the northern boundary line of the Property. The Transmission Line easement area is 70.30' wide at its most western edge, 101.13' wide at its most eastern edge, and is 2581.51' feet (approximately ½ mile) in length. The Transmission Line Easement area (represented on Exhibit C, the Easement Boundary Survey) includes overhang easement and access easement rights. The location of the Easement on the Property is outside of the proposed facility layout from the 2018 NWRF engineering report and therefore would not impact the use of the Property for the potential future NWRF.

The Easement may not be assigned by NEET without the City's consent. NEET must indemnify the City against injuries resulting from NEET's failure to maintain the facilities within the easement. NEET must maintain sufficient liability insurance for its activities and infrastructure within the Easement. Upon any termination of the Easement, NEET must fully restore the Property to its original condition.

The Easement area is 5.22 acres, more or less, including approximately 1.6 acres within the floodplain. NEET has agreed to compensate the City at a negotiated rate, with a total owed of \$125,280. The compensation per acre was determined based on recent land sales in the area and easement purchase price that the City used for the recent water well project. Compensation is due for payment within thirty (30) days of the City Council's approval of the Easement and Compensation Agreement. The payment shall be made to the City of Norman, and shall be deposited in Water Reclamation Fund Reimbursements/Refunds (Account 329-364251).

#### **RECOMMENDATION:**

City Staff recommends approval of Easement E-2324-1 and Contract K-2324-20, a Compensation Agreement, relating to the City's grant of a Transmission Line Easement to NEET for its Minco-Pleasant Valley-Draper Transmission Line Project.