

WHEREAS, by Resolution No. 512 dated April 3, 1980, the Board of Water and Power Commissioners (Board) requested the Los Angeles City Council (City Council) to authorize the General Manager of the Los Angeles Department of Water and Power (LADWP) or designated representative to authorize the Board, in its discretion, to enter into LADWP Agreement No. 10437, Power Sales Contract, to purchase coal-fired generation from the Intermountain Power Project (IPP); and

WHEREAS, by Ordinance No. 153889, passed by the City Council on May 15, 1980, the City Council provided such authorization; and

WHEREAS, by Resolution 220 dated January 20, 1983, the Board authorized an Amendatory Power Sales Contract as an amendment to DWP Agreement No. 10437; and

WHEREAS, by Ordinance No. 157464, passed by the City Council on February 4, 1983, the City Council provided such authorization; and

WHEREAS, IPP has been operating as a coal-fired power plant for nearly 30 years, and LADWP has served as the Project Manager and the Operating Agent on behalf of IPP's owner, the Intermountain Power Agency (IPA); and

WHEREAS, pursuant to LADWP Agreement No. 10050, a Power Purchase Agreement entered into in 1989 between IPP participant PacifiCorp and LADWP (1989 Agreement), PacifiCorp has been selling power to LADWP that is equivalent to PacifiCorp's four percent IPP Generation Entitlement Share;

WHEREAS, DWP Agreement No. 10437 provides for the opportunity to renew the Power Sales Contract, as amended, beyond the current expiration date of June 15, 2027; and

WHEREAS, current California state law prohibits California utilities from entering into new or renewed long-term contracts that do not meet certain emission performance standards (EPS); and

WHEREAS, IPP cannot comply with California state law unless the fuel source is changed from coal to EPS-compliant natural gas; and

WHEREAS, the Second Amendatory Power Sales Contract, which further amends DWP Agreement No. 10437, provides for the ability to repower IPP's fuel source from its current 1800 Megawatts (MWs) of coal-fired generation to no more than 1200 MWs of EPS-compliant natural gas-fired generation; and

WHEREAS, the Second Amendatory Power Sales Contract would be effective only upon all IPP Participants' approval of same agreement, PacifiCorp's early exit from IPP and a corresponding early termination of the 1989 Agreement pursuant to a Power Purchase Termination Agreement; and

WHEREAS, the Renewal Power Sales Contract will allow LADWP to continue participating in IPP as an EPS-compliant natural gas facility through June 15, 2077; and

WHEREAS, the Agreement for Sale of Renewal Excess Power will allow each of the Sellers named therein, and who are also participants in IPP pursuant to respective Renewal Power Sales Contracts, to sell excess generation entitlement shares to LADWP; and

WHEREAS, the Agreement for Sale of Renewal Excess Power could provide an additional Generation Entitlement Share ranging from zero percent and up to 21.057 percent (equal to an additional 253 MWs of generation capacity) for LADWP depending on actions taken by Sellers named therein; and

WHEREAS, LADWP's combined minimum Generation Entitlement Share under the Renewal Power Sales Contract and the Agreement for Sale of Renewal Excess Power (Renewal Contracts) will be 48.617 percent, (equal to 583 MWs of generation capacity), and its combined maximum Generation Entitlement Share under those Renewal Contracts could be up to 100 percent (equal to 1200 MWs of generation capacity); and

WHEREAS, LADWP could procure up to a maximum generation capacity of 1200 MWs, but will also have the opportunity to downsize the repowered project by a generating capacity equal to amounts other California participants may choose to reduce their respective Generation Entitlement Shares as permitted under the Renewal Contracts; and

WHEREAS, the Second Amendatory Power Sales Contract provides for the possibility of an EPS-compliant Alternative Repowering, where one or more modified versions of or alternatives to the gas repowering could be authorized pursuant to majority approval of IPP participants.

NOW, THEREFORE, BE IT RESOLVED, that the Second Amendatory Power Sales Contract, the Renewal Contracts, and the Power Purchase Termination Agreement (Transaction Documents) now on file with the Secretary of the Board and approved as to form and legality by the City Attorney, be and the same are hereby approved.

BE IT FURTHER RESOLVED that the Board requests that the City Council approve, by ordinance, the Second Amendatory Power Sales Contract, Power Purchase Termination Agreement and the delegation of authority to enter into Renewal Contracts when IPA makes a renewal offer subsequent to the Second Amendatory Power Sales Contract taking effect and authorize the Board to act on and approve all future

amendments to the Transaction Documents, without further approval by the City Council, provided that such amendments are ministerial and administrative in nature and do not increase the costs or extend the duration of the respective agreements.

BE IT FURTHER RESOLVED that the President or the Vice President of the Board, or the General Manager of the LADWP or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary or the Acting Secretary of the Board are hereby authorized and directed to execute the Transaction Documents for and on behalf of LADWP upon approval by the City Council by ordinance pursuant to Section 674 of the Charter of the City of Los Angeles and are further authorized and directed under same ordinance to subscribe to a minimum Generation Entitlement Share of 48.617 percent (which would amount to no more than 583 MWs of IPP's repowered generation capacity) and up to a maximum Generation Entitlement Share of up to 100 percent (which would amount to no more than 1200 MWs of IPP's repowered generation capacity) under the Renewal Contracts on behalf of LADWP.

BE IT FURTHER RESOLVED, that any potential vote in the future by LADWP in favor of an Alternative Repowering under the Second Amendatory Power Sales Contract shall require the prior approval of the Board.

BE IT FURTHER RESOLVED, that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund, in payment of the obligations arising under the Transaction Documents.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held JUN 02 2015

  
Secretary

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N. FEUER, CITY ATTORNEY

MAY 27 2015

BY   
VAUGHN MINASSIAN  
DEPUTY CITY ATTORNEY