

CITY OF LOS ANGELES  
CALIFORNIA

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When making inquiries relative to  
this matter, please refer to the  
Council File No.

February 6, 2014

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 13-0812,  
at its meeting held January 28, 2014.

City Clerk  
io

TIME LIMIT FILES  
ORDINANCES

Mayor's Time Stamp  
OFFICE OF THE MAYOR  
100 N. GARDEN  
LOS ANGELES, CA 90012  
2014 JAN 29 PM 12:03  
CITY OF LOS ANGELES

City Clerk's Time Stamp  
CITY CLERK'S OFFICE  
2014 JAN 29 AM 11:47  
CITY CLERK  
BY \_\_\_\_\_ DEPUTY

COUNCIL FILE NUMBER 13-0812 COUNCIL DISTRICT \_\_\_\_\_

COUNCIL APPROVAL DATE JANUARY 28, 2014 LAST DAY FOR MAYOR TO ACT FEB 07 2014

ORDINANCE TYPE:  Ord of Intent  Zoning  Personnel  General  
 Improvement  LAMC  LAAC  CU or Var Appeals - CPC No. \_\_\_\_\_

SUBJECT MATTER: PROPOSED AMENDMENT 16 TO THE ARIZONA NUCLEAR POWER PROJECT PARTICIPATION AGREEMENT IN CONNECTION WITH THE PALO VERDE NUCLEAR GENERATING STATION

	APPROVED	DISAPPROVED	
PLANNING COMMISSION	_____	_____	BY _____ CITY CLERK DEPUTY
DIRECTOR OF PLANNING	_____	_____	
CITY ATTORNEY	X	_____	
CITY ADMINISTRATIVE OFFICER	X	_____	
OTHER	_____	_____	

RECEIVED  
CITY CLERK'S OFFICE  
2014 JAN 31 PM 12:55

JAN 30 2014

DATE OF MAYOR APPROVAL DEEMED APPROVED OR \*VETO \_\_\_\_\_  
(\*VETOED ORDINANCES MUST BE ACCOMPANIED WITH OBJECTIONS IN WRITING PURSUANT TO CHARTER SEC. 250(b) (c))

**(CITY CLERK USE ONLY PLEASE DO NOT WRITE BELOW THIS LINE)**

DATE RECEIVED FROM MAYOR JAN 31 2014 ORDINANCE NO. 182876  
DATE PUBLISHED FEB - 7 2014 DATE POSTED \_\_\_\_\_ EFFECTIVE DATE MAR 10 2014  
ORD OF INTENT: HEARING DATE \_\_\_\_\_ ASSESSMENT CONFIRMATION \_\_\_\_\_  
ORDINANCE FOR DISTRIBUTION: YES  NO

ENERGY AND ENVIRONMENT COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to the proposed Amendment 16 to the Arizona Nuclear Power Project (ANPP) Participation Agreement in connection with the Palo Verde Nuclear Generating Station.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. CONCUR with the Board of Water and Power Commissioners' (Board) action of June 19, 2013, Resolution No. 013-311, authorizing the execution of Amendment No. 16 to the Palo Verde Nuclear Generating Station ANPP Participation Agreement which allows the term of the Agreement to be consistent with the operating license granted by the Nuclear Regulatory Commission and remain effective until the expiration date of the operating license or until the date on which all three generating units have been completely removed from service.
2. PRESENT and ADOPT the accompanying ORDINANCE authorizing the approval of Amendment 16 to the ANPP Participation Agreement among Arizona Public Service Company, Salt River Project Agricultural Improvement and Power District, Southern California Edison, Public Service Company of New Mexico, El Paso Electric Company, Southern California Public Power Authority (SCPPA) and the City of Los Angeles, acting by and through the Los Angeles Department of Water and Power (LADWP).

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of Amendment No. 16 will not impact the Power Revenue Fund or the City's General Fund. The proposed Agreement complies with the LADWP's adopted Financial Policies.

Community Impact Statement: None submitted.

Summary:

On January 15, 2014, your Committee considered a June 24, 2013 Board, July 18, 2013 City Attorney, and March 11, 2013 CAO reports, Resolution No. 013-311, and Ordinance relative to proposed Amendment 16 to the ANPP Participation Agreement in connection with the Palo Verde Nuclear Generating Station. According to the CAO, the LADWP requests approval of a proposed resolution authorizing the Department to execute Amendment No. 16 to the ANPP Participation Agreement (Agreement) between the LADWP and the other co-owners of the Palo Verde Nuclear Generating Station (PVNGS).

The existing Participation Agreement expires in December 2027; however, the PVNGS operating license granted in 2011 by the Nuclear Regulatory Commission (NRC) remains effective through 2047. Approval of the proposed resolution allows the term of the LADWP's Agreement to be consistent with the NRC operating license and remain effective until the expiration date of the NRC operating license or until the date on which all three generating units have been completely removed from service.

The PVNGS is a three-unit nuclear generating station with a combined capacity of over 4,000 Megawatts (MW) located in Tonopah, Arizona. The LADWP holds a minor 5.7 percent ownership of the generating station along with other the other co-owners (A complete list is provided on Table 1 of the March 11, 2013 CAO report. Each co-owner is a party to the current Participation Agreement that was originally executed in 1973, last amended in January 2011, and scheduled to expire in

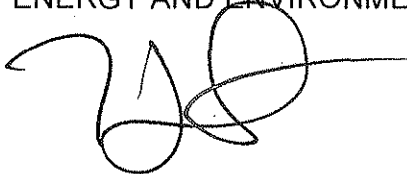
December 2027. The NRC originally granted the PVNGS a 40-year operating license per unit with the last license expiring in November 2027. In April 2011, the NRC granted a 20-year extension allowing the station to operate through November 2047. As a result of this extension, the proposed Participation Agreement is necessary to reflect the extended operation period. Nevertheless, the LADWP advises that the PVNGS co-owners will evaluate the energy alternatives available in approximately calendar year 2019 to 2020. At that time, the co-owners will elect whether to continue operations solely through the original licensed period ending in 2027, or throughout the entire term of the revised NRC license expiring in 2047. Lower prices for alternative energy sources were indicated as a possible reason for not continuing PVNGS operations.

The LADWP also states that all co-owners of the PVNGS are to contribute annually to a decommissioning fund, based on proportional ownership, resulting in a total value of \$2 billion by 2027. In the late 1990's, the LADWP established a dedicated decommissioning fund to cover the Department's \$125 million total portion of the decommissioning expense. As a result of sufficient investment earnings on the decommissioning fund, which is held by the LADWP, it has not been required to make any additional contributions since 1999 and does not anticipate requiring any more payments in the future. Accordingly, approval of this proposed Agreement will not result in any additional payments or expenses relating to decommissioning expenses for the Department. Finally, the CAO noted that the above aspects of the proposed Agreement, and this report, are based upon information received from the LADWP subsequent to the initial request submittal.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of Amendment 16 to the ANPP Participation Agreement. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE



**ADOPTED**

JAN 28 2014

**LOS ANGELES CITY COUNCIL**

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	ABSENT
HUIZAR:	YES
KORETZ:	ABSENT

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**