

Los Angeles  Department of Water & Power

ERIC GARCETTI
Mayor

Commission
MEL LEVINE, *President*
WILLIAM W. FUNDERBURK JR., *Vice President*
JILL BANKS BARAD
MICHAEL F. FLEMING
CHRISTINA E. NOONAN
BARBARA E. MOSCHOS, *Secretary*

MARCIE L. EDWARDS
General Manager

March 21, 2014

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

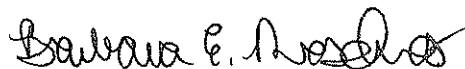
Honorable Members:

Subject: Amendment No. 1 to Agreement Nos. 10006, 10412, and 10931 with the City of Burbank; Agreement Nos. 10007 and 10932 with the City of Glendale; and Agreement Nos. 10008 and 10933 with the City of Pasadena

Pursuant to Charter Section 674(a), enclosed for approval by your Honorable Body is Resolution No. 014 163, adopted by the Board of Water and Power Commissioners on March 18, 2014, approved as to form and legality by the City Attorney, which authorizes execution of Amendment No. 1 to Agreement Nos. 10006, 10412, and 10931 with the City of Burbank; Agreement Nos. 10007 and 10932 with the City of Glendale; and Agreement Nos. 10008 and 10932 with the City of Pasadena for Amending the Transmission Service Rates, and Ratification of Agreement No. 10412 with the City of Burbank. As directed by the Board, transmitted to you are supporting documents.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, Director of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,



Barbara E. Moschos
Board Secretary

BEM:oja

Enclosures: LADWP Resolution
Board Letter
CAO Report

Amendment No. 1 to Agreement Nos. 10006, 10412, 10931 with the City of Burbank
Amendment No. 1 to Agreement Nos. 10007 and 10932 with the City of Glendale
Amendment No. 1 to Agreement Nos. 10008 and 10933 with the City of Pasadena

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

c/enc: Mayor Eric Garcetti
Councilmember Felipe Fuentes, Chair, Energy and the Environment Committee
Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Rafael Prieto, Legislative Analyst, CLA
William R. Koenig, Chief Administrative Analyst
Winifred Yancy

RESOLUTION No. 014 163

WHEREAS, the Los Angeles Department of Water and Power (LADWP) and the City of Burbank are parties to LADWP Agreement Nos. 10006 and 10931 and 10412; and LADWP and the City of Glendale are parties to, LADWP Agreement Nos. 10007 and 10932; and LADWP and the City of Pasadena are parties to LADWP Agreement Nos. 10008 and 10933 (all Transmission Service Agreements or TSAs); and

WHEREAS, each TSA outlines the terms and conditions of the parties' agreement for the sale and purchase of transmission service owned and operated by LADWP, and the rates to be charged for such service; and

WHEREAS, the LADWP Board approved LADWP Agreement Nos. BP13-023, BP13-024 and BP13-025 with Burbank, Glendale and Pasadena (Cities), respectively, on July 16, 2013 (the Settlement Agreements) (Resolution No. 014-032); and

WHEREAS, the Los Angeles City Council has not previously approved Agreement No. 10412 between LADWP and the City of Burbank; and

WHEREAS, under the Settlement Agreements, LADWP and the Cities agreed to amend the TSAs to fix the transmission service rate at \$0.80 per Kilowatt-mo for the remaining term of the TSAs. In addition, the Amendments will make technical adjustments to the IPP DC transmission line capacities due to the upgrade of the line from 1920 Megawatts (MWs) to 2400 MWs.

NOW, THEREFORE, BE IT RESOLVED that Amendments No. 1 to all of the following agreements: LADWP Agreement Nos. 10006, 10412 and 10931 between LADWP and Burbank; LADWP Agreement Nos. 10007 and 10932 between LADWP and Glendale; and LADWP Agreement Nos. 10008 and 10933 with Pasadena, approved as to form and legality by the City Attorney and filed with the Secretary of the Board, are hereby approved subject to the City Council's approval of said Amendments; and

BE IT FURTHER RESOLVED, that Agreement No. 10412 between LADWP and the City of Burbank, previously approved by the Board, is hereby transmitted to the City Council for ratification.

BE IT FURTHER RESOLVED that the President or Vice President of the Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are authorized, empowered, and directed to execute the Amendments to the TSAs, for and on behalf of LADWP, subject to City Council approval by ordinance; and

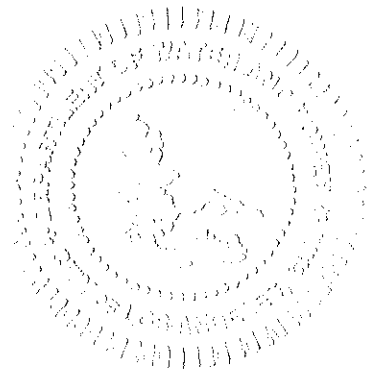
BE IT FURTHER RESOLVED that the Chief Accounting Employee is hereby authorized and directed to draw demands upon the Power Revenue Fund for payment of all obligations arising from or related to the TSAs and the Amendments.

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 MAR 18 2014

Barbara C. Haskins
Secretary

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

✓ FEB 21 2014
BY Konnie Eldridge
KONNIE ELDRIDGE
DEPUTY CITY ATTORNEY





Los Angeles
Department of
Water & Power

//
RESOLUTION NO. 014 163
MAR 18 2014

BOARD LETTER APPROVAL

DAVID H. WIGGS
Senior Assistant General Manager
Power System

MARCIE L. EDWARDS
General Manager

DATE: February 26, 2014

SUBJECT: Approval of Amendment No. 1 to Agreement Nos. 10006, 10412, and 10931 with the City of Burbank, Agreement Nos. 10007 and 10932 with the City of Glendale and Agreement Nos. 10008 and 10933 with the City of Pasadena for Amending the Transmission Service Rates, and Ratification of Agreement No. 10412 with the City of Burbank

SUMMARY

Previously, on July 16, 2013, the LADWP Board of Commissioners approved Settlement Agreements (under Board Resolution No. 014-032) with the Cities of Burbank, Glendale and Pasadena (Cities) (Agreement Nos. BP13-023, BP13-024 and BP13-025, respectively) for credits owed by LADWP to those cities for adjustments to transmission service rates under Transmission Service Agreement (TSA) Nos. 10006, 10412, and 10931 with the City of Burbank, TSA Nos. 10007 and 10932 with the City of Glendale, and TSA Nos. 10008 and 10933 with the City of Pasadena. As part of the terms and conditions of the Settlement Agreements, LADWP agreed to amend the TSAs to reflect such terms. The Settlement Agreements will not be effective until Amendment (Amendment) No. 1 to the TSAs between LADWP and the Cities have been approved. In addition, the Resolution requests City Council ratification of TSA No. 10412 between LADWP and the City of Burbank.

City Council approval is required according to Charter Section 674(a).

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of the Amendments per Charter Section 674(a).

ALTERNATIVES CONSIDERED

The Amendments were negotiated between LADWP and the Cities.

FINANCIAL INFORMATION

There are no changes to the duration of the TSAs.

There are no costs to LADWP resulting from these Amendments. The Amendments will implement a new fixed transmission service rate to be invoiced to the Cities. In the previously approved Settlement Agreements (discussed below), LADWP agreed to provide credits on future transmission invoices to the Cities for prior excess transmission charges, until all such prior charges have been accounted for.

BACKGROUND

As part of the terms and conditions of the Settlement Agreements, LADWP agreed to amend the TSAs to fix the transmission service rate at \$0.80 per Kilowatt (kW) per month. Setting the transmission rate at a fixed number avoids the uncertainty of the rate calculations that were required under the old TSAs. In addition, the new fixed rate is beneficial to LADWP because the rate cannot be reduced to a lower amount, which would have been possible under the existing TSAs. The Settlement Agreements will not be effective until the Amendments have been fully executed. Under the Settlement Agreements, LADWP will provide approximately \$6.3 million in transmission credits (but no direct funds) to the Cities on the invoices of the TSAs. In addition, the Amendments will make technical adjustments in the Intermountain Power Project (IPP DC) transmission line capacities, as the capacity of the IPP DC line has been upgraded from 1920 Megawatts (MWs) to 2400 MWs since those TSAs were first entered into.

It appears that one of the underlying TSAs, LADWP Agreement No. 10412, was not approved by the City Council, although it was previously approved by the Board under Resolution No. 94-215. Thus, the attached Resolution requests that the City Council ratify this TSA.

A Chief Administrative Officer report dated December 20, 2013, recommending approval of these Amendments and ratification of TSA No. 10412 is included as an attachment.

ENVIRONMENTAL DETERMINATION

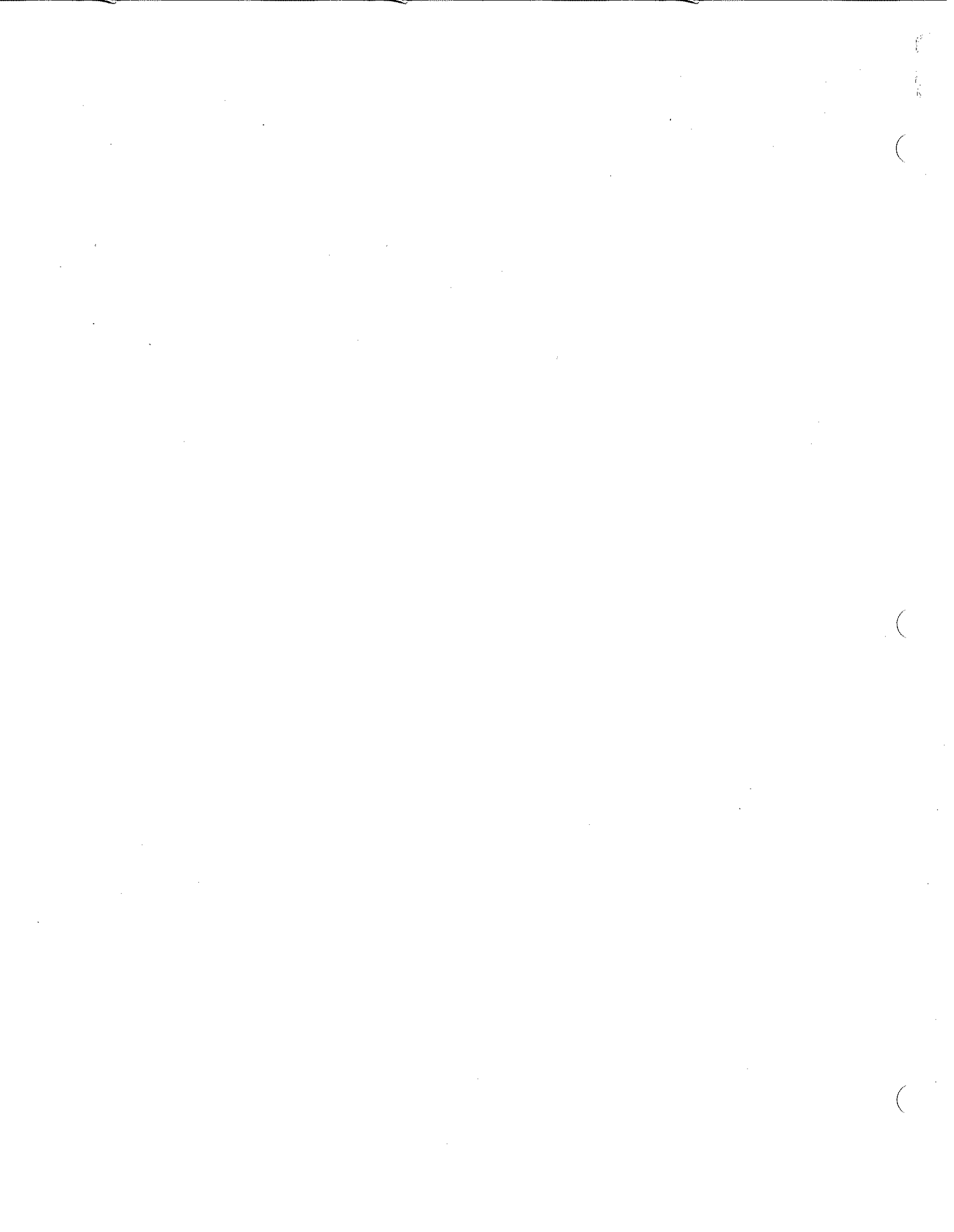
In accordance with the California Environmental Quality Act (CEQA), it has been determined that the Amendments are exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061 (b) (3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Amendments and Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Amendments
- Draft Ordinance
- CAO report dated December 20, 2013
- Agreements



REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 20, 2013

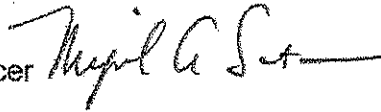
CAO File No.: 0150-10098-0000

Council File No.:

Council District: NA

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Communication from the Department of Water and Power dated October 15, 2013; referred by the Mayor for report on October 25, 2013

Subject: **AMENDMENT NO. 1 TO TRANSMISSION SERVICE AGREEMENTS BETWEEN DEPARTMENT OF WATER AND POWER AND THE CITIES OF BURBANK, GLENDALE AND PASADENA**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing by Ordinance, the amendment of the Transmission Service Agreements (TSA) with the cities of Burbank, Glendale and Pasadena and the ratification of one new TSA with Pasadena, which was not previously approved by the Council. The Amendment No. 1 (Amendment) to the TSAs will implement a new fixed transmission service rate to be invoiced to the Cities; however, the expiration date will remain the same. The City Attorney has approved the proposed resolution as to form and legality. The purpose of the TSAs for the Cities of Burbank, Glendale, and Pasadena is to provide long-term transmission service for their electrical generating facilities on the Los Angeles/DWP transmission system to enable the Cities to deliver energy to their electric system. The TSAs consist of the following:

Transmission Service	City	Agreement No.
Intermountain Power Plant Agreement (IPP)	Burbank	10006
Intermountain Power Plant Agreement (IPP)	Glendale	10007
Intermountain Power Plant Agreement (IPP)	Pasadena	10008
Victorville Receiving Station E	Burbank	10931
Victorville Air Way Receiving Station	Glendale	10932
Victorville Sylmar	Pasadena	10933
Mead-Adelanto	Burbank	10412*

**The Department is requesting ratification of this TSA since there is no prior approval by the City Council in the DWP documentation.*

BACKGROUND

Each Transmission Service Agreement ("TSA" or collectively, "TSAs") outlines the terms and conditions of the Parties' agreement for the sale and purchase of transmission service between specific points of delivery and points of receipt on the transmission system owned and operated by DWP, and the rates to be charged for such transmission service.

Burbank and Pasadena have threatened litigation and Glendale has filed a claim (Claim No. C11-5589) to seek reimbursement for portions of the transmission service rates invoiced by DWP pursuant to the their respective TSAs.

In accordance with the TSAs, when the interest rate that is used in financing the Southern Transmission System is lowered due to refinancing the bonds, the transmission service rate must be adjusted as well. Burbank, Glendale, and Pasadena claimed in a dispute that the transmission service rates should have been lowered over several years due to the lowering of interest rates from the refinancing. Following a review, DWP confirmed that the lowering of the interest rates was proper under the TSAs, and agreed to retroactively adjust the transmission service rates and credit Burbank, Glendale, and Pasadena for the period during which the adjustments should have taken place. Following a lengthy period of negotiations DWP and Burbank, Glendale, and Pasadena reached a tentative agreement on the reimbursements resulting for the period of the adjustments. The reimbursements will be shown as credits on the monthly invoices of the Cities' respective TSAs. The credits will continue until the reimbursement totals have been fulfilled. As part of the Settlement Agreements the transmission service rate will be fixed at \$0.80/kW-mo. for the remainder of the term of the TSAs.

On July 16, 2013, the LADWP Board of Commissioners approved the Settlement Agreements (under Board Resolution No. 014-032) with the Cities of Burbank, Glendale and Pasadena (Agreement Nos. BP13-023, BP13-024 and BP13-025, respectively) for credits owed by LADWP to those cities for adjustments to transmission service rates under the TSAs. As part of the terms and conditions of the Settlement Agreements, LADWP agreed to amend the TSAs to fix the transmission service rate at \$0.80 per Kilowatt (kW) per month. The Settlement Agreements will not be effective until the Amendments have been fully executed. In addition, the Amendments will make technical adjustments in the IPP DC transmission line capacities, as the capacity of the IPP DC line has been upgraded from 1920 Megawatts (MWs) to 2400 MWs since those TSAs were first entered into.

The Department advises that it appears that one of the original TSAs, DWP Agreement No. 10412, had not been approved by the City Council, although it was previously approved by the Board under Resolution No. 94-215. Thus, the attached Resolution requests that the City Council ratify this TSA as well as approve the amendment to implement the fixed rate.

Costs Related to the Settlement Agreements

All reimbursements under the Settlement Agreements will be applied as credits on the monthly invoices for each City's respective TSA and will continue until the total reimbursement amounts have been fulfilled. No funds will be paid to Burbank, Glendale or Pasadena unless their respective TSAs

are terminated early, and in such case any unused credits will be paid to the Cities. The total credit reimbursement costs and the amount to be credited each month for each city are set forth as follows:

Burbank

For the period July 1, 2001 thru December 31, 2013:

TSA No. 10006	\$631,680
TSA No. 10412	\$266,900
TSA No. 10931	<u>\$384,500</u>
Total	\$1,283,080

From January 1, 2014 through the end of the Agreements or full credit reimbursement:

TSA No. 10006	\$5,400/month
TSA No. 10412	\$5,050/month
TSA No. 10931	\$1,250/month

Glendale

For the period July 1, 1998 thru December 31, 2013:

TSA No. 10007	\$1,072,540
TSA No. 10932	<u>\$597,920</u>
Total	\$1,670,460

From January 1, 2014 through the end of the Agreements or full credit reimbursement:

TSA No. 10007	\$7,700/month
TSA No. 10932	\$3,640/month

Pasadena

For the period July 1, 1998 thru December 31, 2013:

TSA No. 10008	\$2,765,500
TSA No. 10933	<u>\$600,160</u>
Total	\$3,365,660

From January 1, 2014 through the end of the of the Agreements or full credit reimbursement:

TSA No. 10008	\$19,740/month
TSA No. 10933	\$3,640/month

Upon review of the attached DWP request, it is the opinion of this Office that the item can be approved as the requested action appears to be reasonable and in accordance with City policies and procedures.

RECOMMENDATION

That the Mayor:

1. Approve the proposed resolution approving by Ordinance the First Amendments to Agreements Nos. 10006 and 10931 with the City of Burbank; Nos. 10007 and 10932 with the City of Glendale; and Nos. 10008 and 10933 with the City of Pasadena implementing a new fixed transmission service rate.
2. Ratify Agreement No, 10412 and approve the first Amendment with the City of Pasadena implementing a new fixed transmission service rate.
3. Return the request to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will have no impact on the City's General Fund. Approval of the proposed resolution will allow for the debit of \$6,319,200 from the Power Revenue Fund. The Department's adopted Financial Policies do not apply.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 674(a), "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than three years within 60 days after submission to Council, the contract shall be deemed approved.

MAS:OAV:10140098