

COMMUNICATION FROM CHAIR, ENERGY AND ENVIRONMENT COMMITTEE and ORDINANCE FIRST CONSIDERATION relative to proposed Relicensing Process Agreement (RPA) No. BP 13-062 for State Water Project Hydropower Project No. 2426 and proposed Amendment No. 5 to Cooperative Agreement No. 10099 with the California Department of Water Resources (CADWR).

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 3, 2014, Resolution No. 014-227, authorizing execution of the following agreements with the CADWR: RPA No. BP 13-062 for State Water Project Hydropower Project No. 2426, including Castaic Power Plant and Amendment No. 5 to Contract No. 10099 for Cooperative Development West Branch California Aqueduct.
2. PRESENT and ADOPT the accompanying ORDINANCE approving RPA No. BP 13-062 for the South State Water Hydropower Project No. 2426 and Amendment No. 5 to Cooperative Development West Branch California Aqueduct Contract No. 10099 with the CADWR.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of the proposed resolution provides a delegation of authority to the Board to enter into various contracts within the scope of the RPA No. BP 13-062 with a maximum cumulative expenditure authority not to exceed \$50 million from the Power Revenue Fund over the estimated eight-year process or until the Federal Energy Regulatory Commission issues the new license on or about January 31, 2022. There is no impact to the City's General Fund. The proposed Agreements comply with the Los Angeles Department of Water and Power's (LADWP) adopted Financial Policies.

Community Impact Statement: None submitted.

Summary:

On June 27, 2014, the Chair and one member of the Energy and Environment Committee considered June 5, 2014 Board, May 8, 2014 CAO, and June 19, 2014 City Attorney reports, Resolution No. 014-227, and Ordinance relative to proposed RPA No. BP 13-062 for State Water Project Hydropower Project Hydropower Project No. 2426 and proposed Amendment No. 5 to Cooperative Agreement No. 10099 with the CADWR. According to the CAO, the LADWP is requesting approval of proposed Resolution No. 014-227 authorizing RPA No. BP 13-062 and Amendment No. 5 to Cooperative Agreement No. 10099 (Cooperative Agreement) with the CADWR. Approval of these two agreements will establish the provisions of a joint-agreement between the CADWR and LADWP relating to the relicensing of the South State Water Project (SWP) for power generating facilities located along the East and West Branch of the California Aqueduct including the Castaic Power Plant (CPP).

In accordance with Federal Energy Regulatory Commission (FERC) mandates, in order to continue operations at CPP beyond January 31, 2022, a new FERC license is required. The proposed resolution also provides a delegation of City Council authority to the LADWP Board of Commissioners (Board) to enter into an unspecified number of contracts relating to the RPA process with durations of up to eight years or until a new FERC license is issued and a cumulative expenditure authority not to exceed \$50 million. Though the extent and cost of the re-licensing process and studies is uncertain, the LADWP asserts that the delegation of authority is necessary to

meet the set timeline provided under the FERC relicensing process and that the City Charter Section 674 requirement to approve Power-related contracts by Ordinance is not suitable in this instance. Furthermore, the LADWP states that it could oversee the relicensing process with greater transparency and control by approving these RPA contracts and studies with Board approval.

After further consideration and having provided an opportunity for public comment, the Committee Chair moved to recommend approval of Resolution No. 014-227 and the accompanying Ordinance. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

COUNCILMEMBER FELIPE FUENTES, CHAIR  
ENERGY AND ENVIRONMENT COMMITTEE

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

6/27/14

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**