

0150 - 03656 - 0082

TRANSMITTAL

TO David H. Wright, General Manager Department of Water and Power	DATE 6/7/17	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**AMENDMENT 2 OF OPEN ACCESS TRANSMISSION TARIFF (OATT)
AGREEMENT NO. BP 01-017**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.



MAYOR

(Ana Guerrero)

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 7, 2017

CAO File No. 0150 - 03656 - 0082

Council File No.

Council District:

To: The Mayor

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

RHL
AL

Reference: Communication from the Department of Water and Power dated June 5, 2017

Subject: **AMENDMENT 2 OF OPEN ACCESS TRANSMISSION TARIFF (OATT)
AGREEMENT NO. BP 01-017**

RECOMMENDATION

That the Mayor:

1. Approve the proposed resolution authorizing Amendment 2 of the Open Access Transmission Tariff Agreement No. BP 01-017; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

SUMMARY

Approval of the proposed resolution and Amendment updates the existing Open Access Transmission Tariff (OATT) rates, terms, and conditions for transmission and ancillary services to align with the Federal Energy Regulatory Commission (FERC) pro forma OATT and industry practice. The proposed OATT is based on a cost-of-service study (COSS) performed by a third party utilizing Fiscal Year 2014-15 actuals. DWP ensured a public rate making process by conducting five public stakeholder meetings regarding the proposed amendment and COSS. Responses to 372 requests for more information were provided to stakeholders including the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, Riverside, Burbank, and Glendale, and the Powerex Corporation. On May 4, 2017, the DWP General Manager's Certificate was issued identifying the final proposed OATT which incorporates the input of the stakeholders.

In addition to amending the existing OATT, the proposed amendment incorporates additional transmission related provisions involving network integration transmission service (NITS) and generator redispatch services, and clarifies provisions relating to real power losses and power factor requirements for non-synchronous generation to the large generator interconnection agreement (LGIA) and large generator interconnection procedures (LGIP).

The net revenue from transmission customers (excluding DWP) utilizing the proposed rates with transactions from Fiscal Years 2014-15, 2015-16, and 2016-17 (estimated) results in a reduction in revenue compared to actual revenue received under the existing OATT. The following table provides a comparison of the revenues resulting from the existing and proposed OATT.

Comparison of Existing OATT to the Proposed OATT Amendment 2

Fiscal Year	Actual Revenue with Existing OATT	Proposed Revenue with OATT Amendment 2	Increase/ (Decrease)
2014-15	\$29.2	\$22.3	(\$6.9)
2015-16	\$26.8	\$20.6	(\$6.1)*
2016-17 (est.)	\$37.9	\$29.0	(\$8.9)
TOTAL	\$93.9	\$71.9	(\$21.9)*

(\$ millions)

* Difference due to rounding

The OATT will be subject to periodic revisions as necessary to reflect changes in the cost to LADWP of providing transmission and ancillary services. However, the proposed OATT will remain effective until it is rescinded or a new amendment is approved by the City Council. In accordance with the Los Angeles Administrative Code (LAAC) Section 23.134, the proposed resolution is subject to approval by a majority vote of the City Council. The City Attorney has approved the proposed resolution as to form and legality.

BACKGROUND

As a Load Serving Entity (LSE) that owns and operates its transmission system, DWP generates and acquires sufficient levels of energy to meet the demands of its customers. To the extent there is surplus capacity on a transmission line at any time; eligible transmission customers may purchase the available capacity in accordance with the terms and conditions of the OATT. The OATT was approved by the DWP Board of Commissioners in October 2001 and by the City Council in March 2002. In July 2014, City Council approved Amendment 1 to the OATT updating the rates, terms, and conditions for open access transmission service and ancillary services including standard Large Generator Interconnection Procedures (LGIP) and Large Generator Interconnection Agreement (LGIA) for interconnection of large electric generating facilities having a capacity greater than 20 MW. Amendment 1 also benefited transmission and interconnection customers by providing excess DWP transmission capacity to eligible customers in a non-discriminatory manner.

DWP is a municipal utility that is not generally subject to FERC jurisdiction over rates for wholesale sales or transmission service in interstate commerce. However, DWP voluntarily provides open access transmission and interconnection services on a comparable and non-discriminatory basis to all qualified transmission and interconnection service customers.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution affects the Power Revenue Fund. There is no impact to the City's General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.