



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

Handwritten signature of Michael S. Webster in blue ink.

MICHAEL S. WEBSTER
Executive Director – Power System
Engineering and Technical Services

Handwritten signature of Marcie L. Edwards in blue ink.

MARCIE L. EDWARDS
General Manager

DATE: January 12, 2016

SUBJECT: WestConnect Planning Participation Agreement Amended and Restated, LADWP No. BP 15-022 (PPA) and WestConnect Confidentiality Agreement, LADWP No. BP 15-035 (Confidentiality Agreement)

SUMMARY

The PPA is between WestConnect Parties and the City of Los Angeles acting by and through the Los Angeles Department of Water and Power (LADWP). Pursuant to Federal Energy Regulatory Commission (FERC) Order No. 1000, Public Utility (Investor-Owned) transmission owners are required to enroll in an identified region for purposes of complying with FERC's new regional planning and cost allocation process requirements, and also with FERC's new requirements governing interregional coordination. FERC also encourages Non-Public Utilities (Municipally-Owned) to participate in the planning processes. The PPA outlines the cost for membership, rights and obligations of its member, and creates a regional transmission Planning Management Committee (PMC), which is responsible for administering the new WestConnect Regional Planning Process, to meet these requirements. For calendar year 2015, LADWP's membership cost is \$213,240.23 and may change each year depending on WestConnect's annual budget amount and the number of members in WestConnect.

Pursuant to Section 9 of the PPA, the Confidentiality Agreement is required to be executed to enable access to information that is confidential in nature. The term of the PPA and the Confidentiality Agreement are synonymous.

Pursuant to City Charter Section 373, the Los Angeles City Council (City Council) approval is required because the term for the PPA and the Confidentiality Agreement are for longer than three years.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of the execution of the PPA and Confidentiality Agreement.

It is further recommended that the Board request by ordinance from the City Council the authority to act on and approve all future amendments to the PPA and Confidentiality Agreement, provided that such modifications are ministerial or administrative in nature and does not modify the cost obligations or extend the term of the agreements. Furthermore, it is recommended that the Board delegate such authority to the General Manager.

ALTERNATIVES CONSIDERED

There are no alternatives to the PPA. WestConnect is the regional entity covering territories in Southwestern United States. Joining the WestConnect PMC safeguards LADWP's interest in transmission projects and any undue cost allocation burdens, including those of other municipal utilities, in the region.

FINANCIAL INFORMATION

The PPA shall be effective on LADWP upon execution. Any member may withdraw its participation in this WestConnect PPA upon a 180 calendar day notice to the Chair of the PMC.

The Confidentiality Agreement may be terminated at any time by either party and at each party's sole discretion.

WestConnect's overall budget for calendar year 2015 is \$2,150,900. LADWP's costs will be apportioned by a formula which includes the number of participants and LADWP's annual energy in MWh delivered to load residing in the WestConnect Planning Region (see Section 6.4.5. of the WestConnect PPA). LADWP's 2015 expense share percentage is 9.914% and costs would be \$213,240.23 annually or \$17,770.02 monthly. The total expense share percentage is updated in any month in which the total number of members changes.

BACKGROUND

WestConnect is a subregional transmission planning organization that is committed to promoting regional transmission planning activities in the general Southwestern United States. Membership in the WestConnect is voluntary, and WestConnect parties may include transmission owners and transmission operators who are registered on the Western Electricity Coordinating Council and/or North American Electric Reliability Council registry. Presently, members to the PMC include Arizona Public Service

Company, Basin Electric Power Cooperative, Black Hills Power Corporation, El Paso Electric Company, Imperial Irrigation District, NV Energy, Public Service Company of New Mexico, Platte River Power Authority, Salt River Project Agricultural Improvement and Power District, Tucson Electric Power Company, Tri-State Generation and Transmission, and Excel Energy.

Historically, WestConnect has participated in both transmission planning activities and other non-transmission activities. Initially, transmission planning activities were pursued in coordination with the transmission planning activities of various subregional planning groups such as the Colorado Coordinating Planning Group, Sierra Subregional Planning Group and Southwest Area Transmission Planning Group. Later, with the issuance by FERC of Order No. 890, Public Utility transmission owners, including those that had participated in WestConnect's early transmission planning activities, achieved compliance with the transmission planning requirements of Order No. 890 by entering into the WestConnect Project Agreement for Subregional Transmission Planning, as amended (STP Agreement). Pursuant to Resolution No. 013-048 dated August 22, 2012, LADWP executed the STP Agreement and became a member of the PMC.

Pursuant to Order No. 1000, Public Utility transmission owners are required to enroll in an identified region for purposes of complying with FERC's new regional planning process requirements, and also with FERC's new requirements governing interregional coordination. FERC also encourages Non-Public Utilities to participate in the planning processes.

The Parties desire to suspend the STP Agreement, to effectuate a seamless transition from the STP Agreement processes into the new regional planning process described herein, and to formalize the Parties' relationships and establish obligations among them. The STP Agreement will be suspended by the parties to the STP Agreement through an amendment, supplement, or other appropriate instrument under the STP Agreement. This WestConnect PPA creates a WestConnect Order No. 1000 regional transmission PMC, which is responsible for administering the new WestConnect Regional Planning Process. Each Member appoints one person to represent the Member on the PMC.

Per Charter Section 373, Los Angeles City Council approval is required. Accordingly, attached is the City Administrative Officer (CAO) report dated November 24, 2015.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that entering into an agreement for subregional transmission planning is 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 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 Agreement and Resolution as to form and legality.

ATTACHMENTS

- Resolution
- WestConnect Planning Participation Agreement
- WestConnect Confidentiality Agreement
- Ordinance
- CAO Report