

POWER SYSTEM

DEC 02 2015

EXECUTIVE OFFICE

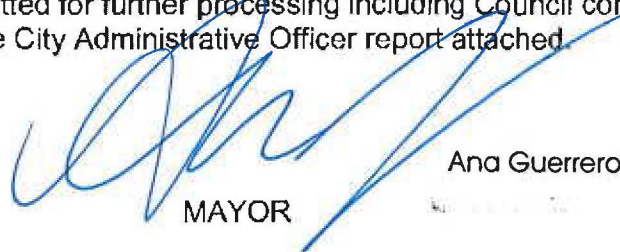
0150-10506-0000

TRANSMITTAL

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE NOV 24 2015	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**THE DEPARTMENT OF WATER AND POWER AGREEMENT BP 15-022 FOR
WESTCONNECT PLANNING PARTICIPATION AGREEMENT**

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


MAYOR

Ana Guerrero

REPORT FROM

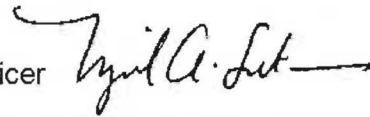
OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 24, 2015

CAO File No. 0150-10506-0000
Council File No.
Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Communication from the Department of Water and Power dated September 4, 2015; referred by the Mayor for report on September 16, 2015

Subject: **THE DEPARTMENT OF WATER AND POWER AGREEMENT BP 15-022 FOR WESTCONNECT PLANNING PARTICIPATION AGREEMENT**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the DWP Board of Commissioners (Board) to execute the WestConnect Planning Participation Agreement BP 15-022 (Agreement). The purpose of the proposed Agreement is to comply with a new regional planning and cost allocation process in accordance with Federal Regulatory Energy Commission (FERC) Order 1000. Specifically, the Agreement outlines the membership cost, rights and obligations of the members, and establishes DWP's participation as a member in the WestConnect Planning Management Committee (PMC).

The PMC is responsible for administering the WestConnect regional power transmission planning process and membership presently includes 12 transmission owners and operators. The PMC members each share in the total expenditures of WestConnect. DWP's share of the cost will be based on its actual annual net energy load among active members. Based on DWP's 2015 energy load, its share will be approximately 10 percent resulting in an estimated annual cost of \$213,000. As the number of members increases or decreases, the Department's cost share percentage will be updated accordingly. The Department has budgeted for this expense in the Power Revenue Fund.

The effective date of this Agreement is January 1, 2016 and the term is ongoing unless participation is withdrawn. The Department anticipates that its participation and membership in the PMC will be ongoing. However, DWP may individually withdraw from the agreement with 180 days written notice. City Council approval is required for contracts that exceed three years, pursuant to Charter Section 373. The City Attorney asserts that Charter Section 373 does not identify a contractual time limit for the proposed agreement and permits a contract that does not include an expiration. The City Attorney has approved the resolution and Agreement as to form and legality.

DWP states that no alternatives to this proposed Agreement are available. If DWP does not enter the proposed Agreement, the Department will not be eligible to join the WestConnect PMC.

Participation in the PMC will ensure adequate representation and allocation of costs and capacity during the planning of regional transmission projects.

The proposed resolution also provides authority to the DWP General Manager to approve amendments to this Agreement that are ministerial, administrative, or technical in nature.

Previously, transmission planning activities were provided through the WestConnect Subregional Transmission Planning (STP) Agreement in accordance with FERC Order 890. On August 22, 2012, DWP executed the STP Agreement and became a member of the PMC. As a result of FERC Order 1000, the proposed Agreement will replace the STP Agreement and allow DWP and the members to suspend the STP Agreement.

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution (i) authorizing the Department of Water and Power to execute the WestConnect Planning Participation Agreement BP 15-022 to participate in the WestConnect transmission regional planning process and (ii) delegating authority to the DWP General Manager to approve amendments that are ministerial, administrative, or technical in nature; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution is estimated to cost \$213,000 annually from the Power Revenue Fund. There is no financial impact to the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 373 and the Los Angeles Administrative Code Section 10.5, 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.