

WHEREAS, the Los Angeles Department of Water and Power (Department) proposes to establish an Electric Service Agreement with Ultramar Inc. (A Subsidiary of Valero Energy Corporation) (Valero); and

WHEREAS, under the Electric Service Agreement, the Department will provide incentives to Valero when Valero has high load factors, evidenced by steady electrical load with consistent energy consumption, which reduces the overall capacity needs of the Power System and mitigates the need for costly operation of unloaded generating units during peak periods; and

WHEREAS, under the Electric Service Agreement, Valero may purchase Department Delivered Excess Generation in place of their self-generated energy at a reduced price during times of Department-determined availability; and

WHEREAS, along with the Electric Service Agreement, the Department and Valero have negotiated an Agreement for Reimbursement of Design Costs for On-Site Improvements Required for Advanced Treated Recycled Water Service and a new Customer Generation Interconnection Agreement; and

WHEREAS, the Valero Refinery in Wilmington, California, presently uses approximately 1,000 acre-feet per year of potable water for cooling within its refining operations but could use advanced treated recycled water if capital improvements are made to convey advanced treated recycled water to its cooling towers; and

WHEREAS, the on-site capital cost of improvements at the Refinery that are necessary to use advanced treated recycled water must be determined in order to evaluate the feasibility of expanding the recycled water system to the Refinery and financing these on-site capital improvements; and

WHEREAS, under the Agreement for Reimbursement of Design Costs for On-Site Improvements Required for Advanced Treated Recycled Water Service, the Department agrees to reimburse Valero up to one million dollars (\$1,000,000) for an engineering study, which will include a construction cost estimate and schedule to complete the on-site improvements required to use recycled water, and establish general non-binding business terms for a potential advanced treated recycled water service agreement with Valero, which includes the financing of all capital costs of the on-site improvements required for recycled water use, including the engineering study, through the sale of recycled water at the potable water rate.

NOW, THEREFORE, BE IT RESOLVED that the Valero – Department Electric Service Agreement, DWP No. RCS140003, by and between the Department and Valero, a copy of which is on file with the Secretary of the Board and approved as to form and legality by the City Attorney, be and the same is hereby approved.

BE IT FURTHER RESOLVED that the Agreement No. WR-15-1060 between the City of Los Angeles acting by and through the Department of Water and Power and Ultramar Inc. (A Subsidiary of Valero Energy Corporation) Regarding Reimbursement of Design Costs for On-Site Improvements Required for Advanced Treated Recycled Water Service at Valero Wilmington Refinery, a copy of which is on file with the Secretary of the Board and approved as to form and legality by the City Attorney, be and the same is hereby approved.

BE IT FURTHER RESOLVED that the Customer Generation Interconnection Agreement, DWP No. PD3463, by and between the Department and Valero, a copy of which is on file with the Secretary of the Board and approved as to form and legality by the City Attorney, be and same is hereby approved.

BE IT FURTHER RESOLVED that the Board requests that, pursuant to Los Angeles City Charter Section 373, the City Council approve DWP No. RCS140003 and DWP No. PD3463.

BE IT FURTHER RESOLVED that the President or Vice President of the Board, 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 hereby authorized and directed to execute DWP No. RCS140003 and DWP No. PD3463 for and on behalf of the Department upon the respective approval of each by the City Council, pursuant to Los Angeles City Charter Section 373.

BE IT FURTHER RESOLVED that the President or Vice President of the Board, 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 hereby authorized and directed to execute Agreement No. WR-15-1060 for and on behalf of the Department.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund, in payment of the obligations arising under DWP No. RCS140003 and DWP No. PD3463, and on the Water Revenue Fund, in payment of the obligations arising under Agreement No. WR-15-1060.

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 FEB 02 2016

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

JUL 10 2015

BY Brian E. Stewart
BRIAN E. STEWART
DEPUTY CITY ATTORNEY

Bonnie E. Hoshino
Secretary