



RESOLUTION NO. \_\_\_\_\_

BOARD LETTER APPROVAL

A handwritten signature in blue ink, reading 'Michael S. Webster', is written over a horizontal line.

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

A handwritten signature in blue ink, reading 'David H. Wright', is written over a horizontal line.

**DAVID H. WRIGHT**  
General Manager

**DATE:** September 8, 2016

**SUBJECT:** Environmental Covenants at the Decommissioned Mohave Site

**SUMMARY**

The proposed Resolution recommends that your Honorable Board approve and authorize the execution and recording of Environmental Covenants at the Decommissioned Mohave Site in favor of the Nevada Division of Environmental Protection (NDEP) to facilitate the future sale of property, approved as to form and legality by the City Attorney, and request that the City Council approve such action.

LADWP, along with NV Energy (NVE), a Nevada corporation, and Southern California Edison Company (SCE), a California corporation, are owners of the Mohave Project, which was the former site of the Mohave Steam Generating Station (MSGs), in Clark County, Nevada. The MSGs was decommissioned in 2012 following the demolition of the two coal-fired generating units. LADWP owns a 30 percent interest in the remaining Mohave Project property, which includes approximately 750 acres of the 2500 acre site, the bulk of which the Mohave Project participants intend to sell.

SCE is the Operating Agent of the Mohave Project, and is coordinating the sale of MSGs property that is no longer needed on behalf of all Mohave Project co-owners. Before selling the MSGs property for other uses, the NDEP will require that certain portions of the MSGs property be restricted from certain activities due to its environmental condition from its prior use as a coal burning power plant.

To comply with the NDEP requirements, the Mohave Project co-owners propose to provide notice of the existing environmental conditions to potential purchasers and record two environmental covenants in favor of NDEP against the MSGS property. The specific use restrictions will be documented in:

1. Environmental Covenant on Groundwater Extraction, and
2. Environmental Covenant on Water Use/Storage (with exception for one existing tank), part of Mohave Site

These covenants are part of the Mohave Project co-owners' responsibility of being good stewards of their MSGS property in the Laughlin, Nevada region. There is no monetary compensation for recording the Environmental Covenants, but the process will allow the MSGS property to be sold for other uses and development. All other Mohave Project co-owners have signed the covenants. LADWP is the only remaining entity that has not signed the covenants.

Los Angeles City Council (City Council) approval is required.

### **RECOMMENDATION**

It is requested that your Honorable Board approve and authorize the execution and recording of the proposed covenants, approved as to form and legality by the City Attorney, and request that the City Council approve such action.

### **ALTERNATIVES CONSIDERED**

None. Should the Board decline to approve the covenants, the Mohave Project co-owners will not be able to proceed with the sale, reuse and redevelopment of this portion of the MSGS property.

### **FINANCIAL INFORMATION**

None. There is no monetary compensation for these covenants.

### **BACKGROUND**

The Mohave Project included a two-unit, coal-fired generating station having a total nameplate rating of 1,510 Megawatts. Both units entered commercial operation in 1971. Due to noncompliance with a consent decree that required the installation of emission control equipment, the MSGS was removed from service in December 2005 and demolition was completed by 2012. The Mohave Project co-owners continue to own approximately 2,500 acres of land in Clark County, Nevada.

Prior to July 1, 2016, the Mohave Project was owned by the following four utilities:

SCE	56.0 percent	
Salt River Project (SRP)		20.0 percent
NVE		14.0 percent
LADWP		10.0 percent

Pursuant to a separate transaction with SRP related to LADWP's divestiture from the Navajo Generating Station, LADWP acquired SRP's 20 percent ownership interest in the Mohave Project beginning July 1, 2016, which results in the following ownership breakdown:

SCE	56.0 percent
NVE	14.0 percent
LADWP	30.0 percent

The Operating Agent is SCE, with headquarters in Rosemead, California.

The groundwater in certain areas of the MSGS property is contaminated with elevated levels of Total Dissolved Solids (TDS) and must be restricted from extraction. This TDS condition has been left in place with the consent of the NDEP because it is generally stable under current conditions, and is impracticable to further remediate as of the date of this Environmental Covenant, and based on current conditions, presents no threat to human health or the environment.

The MSGS property is held in the individual names of all of the co-owners, thus, all of the co-owners are required to execute the covenants to be recorded against the MSGS property.

Please see the attached City Administrative Officer report dated August 19, 2016.

### **ENVIRONMENTAL DETERMINATION**

In accordance with Section 15060 (c)(2) of the California Environmental Quality Act (CEQA) Guidelines, an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. Since adoption of these covenants will not lead to any physical change, this action is not subject to CEQA.

### **ATTACHMENTS**

- Environmental Covenant on Groundwater Extraction
- Environmental Covenant on Water Use/Storage (with exception for one existing tank), part of Mohave Site
- City Administrative Officer Report