


POWER SYSTEM
OCT 20 2016
EXECUTIVE OFFICE

TRANSMITTAL		0150-10832-0000
TO David H. Wright, General Manager Department of Water and Power	(PPD) OCT 19 2016	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT
 ELDORADO SYSTEM AGREEMENTS Approved and transmitted for further processing including Council consideration. See the City Administrative Officer report attached.  Ana Guerrero MAYOR		

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 18, 2016

CAO File No. 0150-10832-0000

Council File No.

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer *MS*

Reference: Communication from the Department of Water and Power dated September 19, 2016; referred by the Mayor for report on September 27, 2016

Subject: **ELDORADO SYSTEM AGREEMENTS**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution by Ordinance authorizing the DWP Board of Commissioners (Board) to execute a package of eight agreements (Agreements) relating to its interest in the Eldorado System. The Eldorado System consists of the Mohave-Eldorado 500kV AC transmission line, the Mohave 500kV switchyard, the Eldorado substation, and the Eldorado-Mead 220kV AC transmission lines 1 and 2. The package of Agreements consists of the following:

- i. Amended and Restated Agreement for Additional Nevada Power Company (NV Energy) Connections to the Eldorado System;
- ii. Agreement for Additional Southern California Edison Company (Edison) Connection to the Eldorado System;
- iii. Agreement for Limited Interconnection of Edison 220 kV Switchyard to the Eldorado System for an Interim Period;
- iv. Agreement for Additional Edison Connections to the Eldorado System;
- v. Agreement for Interconnection of the NV Energy Eldorado-Magnolia and Eldorado-NSO 230 kV Transmission Lines to the Eldorado 220 kV;
- vi. Agreement for Additional Edison Connection to the Eldorado 500 kV Switchyard;
- vii. Amended and Restated Eldorado System Co-Tenancy and Operating Agreement; and,
- viii. Agreement for Additional Edison Facilities in the Eldorado Substation.

The purpose of the Agreements is to clarify the ownership, operation, and cost responsibility among the co-owners of the Eldorado System. Additionally, the Agreements establish a term expiration of December 31, 2046, unless further extended by mutual agreement. The current co-owners of the Eldorado System include DWP, NV Energy, and Edison. DWP holds an undivided ownership interest and 14 percent cost responsibility. The annual cost allocation to DWP is estimated to be approximately \$290,000 for 2016 operation and maintenance expenses.

Approval of the proposed Agreements is essential for completing a transfer of ownership interests in the Eldorado System from Salt River Project Agricultural Improvement and Power District (SRP) to DWP, pursuant to the sale of the Navajo Generating Station (Navajo), a coal powered facility (Ordinance 183629). As a component of the sale of the Navajo facility, SRP transferred its entire interest in the Eldorado System to DWP effective July 1, 2016. Consequently, DWP's ownership share in the Eldorado System increased to approximately 14 percent from 10 percent.

City Council approval by Ordinance is required for power contracts, pursuant to Charter Section 674. The City Attorney has approved the proposed resolution and Agreements as to form and legality.

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution by Ordinance to authorize the approval of the eight agreements relating to the Eldorado System; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution is anticipated to impact the DWP Power Revenue Fund with an annual expense of approximately \$290,000. 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

The City Attorney advises that there is no time limitation for items approved by ordinance.