

POWER SYSTEM

MAR 03 2017

EXECUTIVE OFFICE

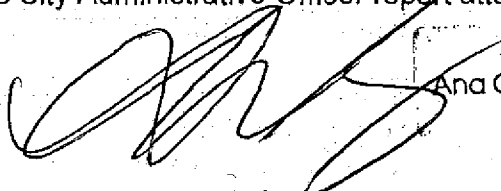
0150-10893-0000

TRANSMITTAL

TO David H. Wright, General Manager Department of Water and Power (PPD)	DATE MAR 01 2017	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

AMENDMENTS TO THE NAVAJO PROJECT AGREEMENTS AND FACILITIES AGREEMENT

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: February 28, 2017

CAO File No. 0150-10893-0000

Council File No. --

Council District: --

To: The Mayor

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Reference: Communication from the Department of Water and Power dated December 29, 2016

Subject: **AMENDMENTS TO THE NAVAJO PROJECT AGREEMENTS AND FACILITIES AGREEMENT**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution by Ordinance pursuant to Charter Sections 373 and 674 to: (i) authorize the approval of amendments to the Navajo Project Agreements and Facilities Agreement, and (ii) delegate authority to the DWP Board of Commissioners for future amendments to the agreements that do not increase costs or extend the term; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

SUMMARY

Approval of the proposed resolution will authorize the DWP to amend a package of agreements relating to the transfer of ownership for the Navajo Project. These proposed amendments affect existing joint project agreements by updating the current status and configurations as well as the responsibilities of the participants. Specifically, approval will authorize the following:

Agreement	Summary and Fiscal Impact
Co-Tenancy Agreement Amendment 10 and 11	Updates to reflect physical changes to the STS and WTS. No fiscal impact.
Southern Transmission System (STS) Operating Agreement Amendment 6	Updates to reflect physical changes to the STS. No fiscal impact.
STS Operating Agreement Amendment 7	Changes in the calculation for load dispatching fees increase the costs approximately \$46,000/year.
Western Transmission System (WTS) Operating Agreement Amendment 5	Changes to reflect the new interconnection of the Crystal-Moapa Transmission Line increase O&M approximately \$35,000/year.
Facilities Agreement	Provides maintenance by Nevada Energy (NVE) to certain DWP facilities near NVE's Switchyard and microwave service for the DWP Crystal-Moapa Transmission Line resulting in costs of approximately \$35,000/year.

Furthermore, the proposed resolution requests the adoption and ratification by Ordinance of STS Operating Agreement Amendments 1 through 5 to provide administrative updates. The amendments affect various facilities updates and costs including the calculation of load dispatching allocation, participant cost responsibilities, new configurations and connections to transmission lines, and the construction of a new substation. These prior amendments were approved by the DWP Board of Commissioners (Board) and require City Council adoption and ratification pursuant to Charter Section 674.

Finally, DWP is requesting that Council delegate authority to the DWP Board for future amendments to these agreements provided that those future amendments do not increase costs or extend the term of the agreements.

The City Attorney has approved the proposed resolution as to form and legality.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will impact the DWP Power Revenue Fund. There is no fiscal impact to the City General Fund.

RHL:RR:10170070