


POWER SYSTEM

APR 12 2017

EXECUTIVE OFFICE

TRANSMITTAL		0150-10919-0000	
TO David H. Wright, General Manager Department of Water and Power	(PPD)	DATE APR 11 2017	COUNCIL FILE NO.
FROM The Mayor			COUNCIL DISTRICT
<p>PACIFIC DIRECT CURRENT INTERTIE OPERATING AGREEMENT, MEMORANDUM OF AGREEMENT, AND AMENDED AND RESTATED LITTLE LAKE COMMUNICATION SITE AGREEMENT</p> <p>Approved and transmitted for further processing including Council consideration. See the City Administrative Officer report attached.</p> <p style="text-align: center;"> Ana Guerrero MAYOR</p>			

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER


Date: April 7, 2017

CAO File No. 0150-10919-0000

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 March 1, 2017

Subject: **PACIFIC DIRECT CURRENT INTERTIE OPERATING AGREEMENT,
MEMORANDUM OF AGREEMENT, AND AMENDED AND RESTATED LITTLE
LAKE COMMUNICATION SITE AGREEMENT**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution by Ordinance to authorize execution of (i) the Pacific Direct Current Intertie Operating Agreement BP 14-018, (ii) the Pacific Direct Current Intertie Memorandum of Agreement BP 14-019, and (iii) the Amended and Restated Little Lake Communication Site Agreement 10462; and to delegate authority to the DWP Board of Commissioners to approve future amendments to the Agreements, provided the amendments do not increase costs or extend the term to the Agreements, without further approval by the City Council; and,
2. Return the proposed resolution to the Department for further processing, including City Council consideration.

SUMMARY

Approval of the proposed resolution by Ordinance authorizes three agreements relating to the continued operation of the Pacific Direct Current Intertie (PDCI). In operation since 1970, the PDCI is a 500 kilovolt (kV) direct current (DC) transmission system connecting the Celilo Converter Station (CS) in Oregon to the Sylmar CS in California. The southern portion of the PDCI is jointly-owned by several utilities including DWP, Southern California Edison (SCE), City of Burbank, City of Glendale, and City of Pasadena (collectively identified as the Southern Owners). DWP operates and maintains the southern portion of the PDCI on behalf of the Southern Owners. The Bonneville Power Administration (BPA) owns, operates, and maintains the northern portion of the PDCI.

The proposed Operating Agreement BP 14-018 outlines the terms and conditions related to the shared operation of the PDCI. The proposed Memorandum of Agreement BP 14-019 identifies PDCI ownership rights and obligations in addition to establishing operational procedures. The

term of these agreements is 30 years, unless terminated earlier in accordance to the termination provisions in each agreement.

The Amended and Restated Little Lake Communication Site Agreement 10462 establishes the terms and conditions for operating the Little Lake Microwave Relay Station, which is a facility utilized to operate the PDCI. DWP shall rent a portion of the communication facility from SCE with an annual payment of \$2,940.40. This amount is set to increase by 2.1 percent annually for the first five years. SCE may adjust other costs annually to reflect any additional costs, taxes and changes to insurance requirements. A total of 60 percent of this cost to DWP is reimbursed by the PDCI Southern Owners as an operating cost for the transmission facilities. The term of this agreement is coterminous with the Amended and Re-stated City-Edison PDCI DC Transmission Facilities Agreement (DWP Agreement 10078) expiring on March 31, 2041, or the date the U.S. Bureau of Land Management (BLM) informs SCE that it won't extend or renew SCE's January 18, 1967 easement for the facility.

The proposed resolution also delegates authority to the DWP Board of Commissioners to approve amendments to the Agreements, provided the amendments do not increase costs or extend the term, without further approval by the City Council.

City Council approval by Ordinance is required in accordance to City Charter Section 674(a). The City Attorney has reviewed and approved the proposed resolution as to form and legality.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution impacts the Power Revenue Fund. There is no fiscal impact to the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

RHL:RR:10170107