

ENERGY, CLIMATE CHANGE AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to proposed Pacific Direct Current Intertie (PDCI) Operating Agreement and amended and restated Little Lake Community Site Agreement.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. CONCUR with the July 18, 2017 action of the Board of Water and Power Commissioners (Board), Resolution No. 018-007, in connection with the following:
 - a. Approval of PDCI Operating Agreement BP 14-018
 - b. Approval of PDCI Memorandum of Agreement BP 14-019
 - c. Approval of Amended and Restated Little Lake Communications Site Agreement 10462
 - d. Approval delegating to the Board authority to amend the agreements indicated above in Recommendation Nos. 1a, 1b, and 1c and detailed in the July 19, 2017 Board report and Resolution No. 18-007, attached to the Council file.
2. PRESENT and ADOPT the accompanying ORDINANCE, dated August 1, 2017, to provide for the following:
 - a. Approving PDCI Operating Agreement BP 14-018
 - b. Approving PDCI Memorandum of Agreement BP 14-019
 - c. Approving Amended and Restated Little Lake Communications Site Agreement 10462
 - d. Delegating to the Board limited authority to amend such Agreements as detailed in the Ordinance, attached to the Council file.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of Resolution No. 18-007 will impact the Los Angeles Department of Water and Power Power Revenue Fund. There is no impact to the City General Fund.

Community Impact Statement: None submitted.

Summary:

On August 15, 2017, your Committee considered July 19, 2017 Board, August 1, 2017 City Attorney, and April 7, 2017 CAO reports, Ordinance, and Resolution No. 018-007 relative to proposed Pacific Direct Current Intertie Operating Agreement and amended and restated Little Lake Community Site Agreement. According to the CAO, approval of Resolution No. 018-007 by Ordinance authorizes three agreements relating to the continued operation of the PDCI.

In operation since 1970, the PDCI is a 500 kilovolt (kV) direct current (DC) transmission system connecting the Celiio Converter Station (CS) in Oregon to the Sylmar CS in California. The southern portion of the PDCI is jointly-owned by several utilities including the Los Angeles Department of Water and Power (LADWP), Southern California Edison (SCE), City of Burbank, City of Glendale, and City of Pasadena (collectively identified as the Southern Owners), the LADWP 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. The LADWP 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 LADWP 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 US Bureau of Land Management (BLM) informs SCE that it won't extend or renew SCE's January 18, 1967 easement for the facility.

Resolution No. 018-007 also delegates authority to the Board to approve amendments to the Agreements, provided the amendments do not increase costs or extend the term, without further approval by Council. Council approval by Ordinance is required in accordance with City Charter Section 674(a). The City Attorney has reviewed and approved the proposed resolution as to form and legality.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of Agreements as detailed in Resolution No. 018-007. This matter is now submitted to Council file its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE AND ENVIRONMENTAL JUSTICE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	ABSENT
KREKORIAN:	YES
CEDILLO:	YES
O'FARRELL:	YES

ARL
8/15/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-