


POWER SYSTEM
NOV 22 2017
EXECUTIVE OFFICE

TRANSMITTAL			0150-11023-0000
TO David H. Wright, General Manager Department of Water and Power <i>(PPD)</i>	DATE NOV 21 2017	COUNCIL FILE NO	
FROM The Mayor	COUNCIL DISTRICT		
OPERATION, MAINTENANCE, REPLACEMENT, OWNERSHIP, AND INTERCONNECTIONS AT MEAD SUBSTATION			
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

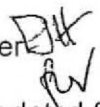
Date: November 17, 2017

CAO File No. 0150-11023-0000

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 September 6, 2017

Subject: **OPERATION, MAINTENANCE, REPLACEMENT, OWNERSHIP, AND INTERCONNECTIONS AT MEAD SUBSTATION**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution by Ordinance to authorize the approval of the Agreement for the Operation, Maintenance, Replacement, Ownership and Interconnections at the Mead Substation; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

SUMMARY

Approval of the proposed resolution by Ordinance will authorize the Department of Water and Power (DWP) to execute an Operation, Maintenance, and Replacement (OM&R) Agreement between (i) the United States Department of Energy (DOE) Western Area Power Authority (WAPA) as the operator of the Intertie Transmission System and owner of the Mead Substation and (ii) the Eldorado Co-Owners. The Eldorado Co-Owners collectively include DWP, NV Energy (NVE), and Southern California Edison (SCE).

Additionally, the proposed resolution will authorize the DWP Board of Commissioners to approve all future amendments to the OM&R Agreement, without further approval by the Council, provided that the amendments do not increase the costs or extend the duration of the OM&R Agreement.

The purpose of the OM&R Agreement is to identify ownership, use of common facilities, interconnections, financial responsibilities, and sharing of responsibilities at Mead Substation. Without this Agreement the DWP will not be able to continue its use of transmission lines between Eldorado Substation and Mead Substation. This would affect the ability of DWP to receive energy from the Hoover Powerplant and any other resources being developed in the area. DWP estimates its share of the annual cost related to the OM&R Agreement is initially approximately \$79,000. The duration of the proposed OM&R Agreement is approximately 50

years, expiring on September 30, 2067. However, each party can terminate the Agreement upon one-year advance written notice or sooner with mutual consent of the parties.

City Council approval by Ordinance is required for power contracts, pursuant to Charter Section 674. There is no time limitation for items approved by ordinance. The City Attorney has approved the proposed resolution and Agreements as to form and legality.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution is anticipated to impact the DWP Power Revenue Fund with an initial annual expense of approximately \$79,000. There is no financial impact to the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

RHL:RR:10180010