

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to proposed Operation, Maintenance, and Replacement Agreement DWP No. BP 17-017 with the United States Department of Energy's (DOE) Western Area Power Authority (WAPA), Nevada Power Company (dba NV Energy), and Southern California Edison (SCE) for the operation, maintenance, replacement, ownership and interconnections at Mead Substation.

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

1. CONCUR with the Board of Water and Power Commissioners' (Board) action of January 9, 2018, Resolution No. 018-117 authorizing the execution of BP 17-017 with the DOE WAPA, Nevada Power Company, and SCE for the operation, maintenance, replacement, ownership and interconnections at Mead Substation.
2. PRESENT and ADOPT the accompanying ORDINANCE dated January 18, 2018 approving the Agreement for the operation, maintenance, replacement, ownership and interconnections at Mead Substation among the DOE's WAPA, Nevada Power Company (dba NV Energy), the Los Angeles Department of Water and Power (LADWP), and SCE (DWP No. BP 17-017); and, delegating to the Board limited authority to amend such agreement.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of DWP BP 17-017 is anticipated to impact the LADWP 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 LADWP's adopted Financial Policies.

Community Impact Statement: None submitted.

Summary:

On March 6, 2018, your Committee considered a January 10, 2018 Board, November 17, 2017 CAO, and January 18, 2018 City Attorney reports, Resolution No. 018-117, and Ordinance dated January 18, 2018 relative to proposed Operation, Maintenance, and Replacement (OM&R; Agreement (DWP No. BP 17-017) with the DOE WAPA, Nevada Power Company (dba NV Energy), and SCE for the operation, maintenance, replacement, ownership and interconnections at Mead Substation. According to the CAO, concurrence with Resolution No. 018-117 by Ordinance will authorize the LADWP to execute an OM&R Agreement between (i) the DOE 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 the LADWP, Nevada Energy (NVE), and SCE.

Additionally, the Resolution will authorize the Board 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 LADWP will not be able to continue its use of transmission lines between Eldorado Substation

and Mead Substation. This would affect the ability of LADWP to receive energy from the Hoover Powerplant and any other resources being developed in the area. The LADWP 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.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend concurrence with the January 9, 2018 Board action and approval of the Ordinance dated January 18, 2018. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE



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

ARL
3/6/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-