

POWER SYSTEM

NOV 18 2016

EXECUTIVE OFFICE

0150-10764-0000

TRANSMITTAL

TO David H. Wright, General Manager Department of Water and Power <i>(PPD)</i>	DATE NOV 08 2016	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT

**POWER PURCHASE AGREEMENTS BP 16-004 AND BP 16-005 BETWEEN
LOS ANGELES DEPARTMENT OF WATER AND POWER AND PACIFICORP**

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 8, 2016

CAO File No. 0150-10764-0000

Council File No.

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Communication from the Department of Water and Power dated June 16, 2016; referred by the Mayor for report on July 25, 2016

Subject: **POWER PURCHASE AGREEMENTS BP 16-004 AND BP 16-005 BETWEEN LOS ANGELES DEPARTMENT OF WATER AND POWER AND PACIFICORP**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution and ordinance authorizing the (i) ratification and approval of Power Purchase Agreements BP 16-004 and BP 16-005 for the sale of wholesale energy to PacifiCorp, and (ii) delegation of authority to the Department of Water and Power Board of Commissioners to approve revisions and amendments, provided that the changes do not increase the cost or extend the term of the Agreement; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

SUMMARY

The Department of Water and Power (DWP) requests approval of a proposed resolution and ordinance authorizing Power Purchase Agreements (Agreements) BP 16-004 and BP 16-0005 with PacifiCorp, an Oregon corporation. The Agreements enable DWP to continue to sell wholesale energy to PacifiCorp. The energy is utilized to operate the Milford wind-generating facilities for start-up purposes and when self-generated energy at the facility is unavailable. Additionally, approval of the ordinance will provide a delegation of authority to the DWP Board to approve revisions and amendments that are ministerial, administrative, or technical in nature, provided that the changes do not increase the cost or extend the term of the Agreement.

The anticipated revenue includes \$290,000 for energy provided prior to the execution of these Agreements and approximately \$4.5 million over the remaining 15 year term. The total anticipated revenue will be \$4.8 million.

City Council approval, by ordinance, of the proposed resolution is required pursuant to City Charter Section 674 regarding power contracts and Section 373 for long-term contracts. Approval

of the resolution will waive the contracting policies in the Los Angeles Administrative Code Division 10 for the Agreements. The City Attorney advises that routine power transactions and utility to utility agreements are not subject to these policies. The City Attorney has approved the proposed resolution as to form and legality.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will result in revenue for the Power Revenue Fund totaling approximately \$4.8 million over the term of the Agreements. There is no fiscal impact to the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

MAS:JJ:10170021