



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

Handwritten signature of Reiko A. Kerr in purple ink.

REIKO A. KERR

Senior Assistant General Manager – Power System
Engineering, Planning, and Technical Services

Handwritten signature of Martin L. Adams in blue ink.

MARTIN L. ADAMS

Chief Operating Officer

Handwritten signature of David H. Wright in blue ink.

DAVID H. WRIGHT

General Manager

DATE: June 27, 2018

SUBJECT: Arizona Nuclear Power Project High Voltage Switchyard
Interconnection Agreement Among the Co-owners of the Arizona
Nuclear Power Project Including the City of Los Angeles and the
Palo Verde-Delaney-Sun Valley Line Participants, DWP No. BP 17-
026

SUMMARY

The proposed Arizona Nuclear Power Project (ANPP) High Voltage Interconnection Agreement (Agreement) allows the Palo Verde-Delaney-Sun Valley Line Participants (Delaney Participants) to interconnect a 500kV transmission line to the ANPP High Voltage Switchyard. The Los Angeles Department of Water and Power's (LADWP) revenue from this Agreement will remain the same.

City Council approval is required pursuant to City Charter Section 674 (a)(1).

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending the Los Angeles City Council's (City Council) approval, by ordinance, of the following:

- Execution of the ANPP Interconnection Agreement; and
- Delegation to the Board, authority to act on and approve all future amendments to this ANPP Interconnection Agreement provided that such amendments do not increase the costs or extend the term of said agreement.

ALTERNATIVES CONSIDERED

There are no alternatives in lieu of the ANPP High Voltage Switchyard Interconnection Agreement. The consequences of not approving this agreement will lead to LADWP's inability to benefit from any energy delivered to the ANPP High Voltage Switchyard via the lines between Delaney and Sun Valley Substation, thus impacting the LADWP's ability to bring home energy from any other renewable resources being developed in the area.

FINANCIAL INFORMATION

As one of the ANPP co-owners, LADWP has 3.20 percent ownership share in the ANPP High Voltage Switchyard. There are no negative financial impacts to LADWP because all costs associated with this interconnection shall be borne by the Delaney Participants. Currently, LADWP's share of annual costs for operation and maintenance and capital improvements is \$100,000. This Agreement will not have a negative financial impact on LADWP.

This ANPP Interconnection Agreement shall terminate upon the occurrence of one of the following: (i) the termination of the ANPP; (ii) all parties to this Agreement agrees in writing to terminate it; (iii) termination in accordance to Article 23 (Default) of the Agreement; or (iv) upon no less than ninety (90) calendar days advance written notice of termination from Delaney Participants to the Operating Agent.

BACKGROUND

The ANPP consists of the Palo Verde Nuclear Generating Station and the ANPP High Voltage Switchyard, which is made up of both the Palo Verde Switchyard and the adjoining ANPP Hassayampa Switchyard. The ANPP is co-owned by the following: LADWP; Arizona Public Service Company, an Arizona corporation; El Paso Electric Company, a Texas corporation; Public Service Company of New Mexico, a New Mexico corporation; Southern California Edison Company, a California corporation; Southern California Public Power Authority, a public entity organized and existing under and by virtue of the laws of the State of California; and Salt River Project Agricultural Improvement and Power District (SRP), an agricultural improvement district organized and existing under the laws of the State of Arizona. SRP is the designated Operating Agent of ANPP.

This Agreement establishes the costs, terms and conditions for the construction, maintenance, and operation of facilities needed for the Delaney Participants to physically interconnect its Palo Verde-Delaney-Sun Valley 500kV transmission line to the ANPP High Voltage Switchyard.

ENVIRONMENTAL DETERMINATION

Determined item is exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15277. In accordance with this section, projects located outside of California are exempt from the requirements of CEQA when the project is subject to environmental impact review pursuant to the National Environmental Policy Act (NEPA) or state law equivalent to CEQA.

City Administrative Officer (CAO) Report

The approved CAO Report dated February 9, 2018 is attached.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Resolution
- ANPP Interconnection Agreement
- Ordinance
- CAO Report