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CITY ATTORNEY

REPORT NO. R 18 - 0 2 5 0
AUG 0 2 2018

REPORT RE:

DRAFT ORDINANCE APPROVING THE ARIZONA NUCLEAR POWER PROJECT HIGH VOLTAGE SWITCHYARD INTERCONNECTION AGREEMENT, DWP NO. BP 17-026, BY AND AMONG THE CO-OWNERS OF THE ARIZONA NUCLEAR POWER PROJECT AND INCLUDING THE CITY OF LOS ANGELES, ACTING BY AND THROUGH THE LOS ANGELES DEPARTMENT OF WATER AND POWER, AND THE PALO VERDE-DELANEY-SUN VALLEY LINE PARTICIPANTS; AND DELEGATING TO THE BOARD OF WATER AND POWER COMMISSIONERS LIMITED AUTHORITY TO AMEND THE INTERCONNECTION AGREEMENT

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance provides for: 1) the approval of the Arizona Nuclear Power Project (ANPP) High Voltage Switchyard Interconnection Agreement, DWP No. BP 17-026 (Agreement); and 2) a delegation to the Board of Water and Power Commissioners (Board) the limited authority to amend the Agreement.

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: the City of Los Angeles, acting by and through the Los Angeles Department of Water and Power (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, 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, an agricultural improvement district organized and existing under the laws of the State of Arizona (SRP) (collectively, ANPP Co-owners). As one of the ANPP Co-owners, LADWP has a 3.20 percent ownership share of the ANPP High Voltage Switchyard. SRP is the designated Operating Agent of the ANPP. The Agreement is between the ANPP Co-owners and Palo Verde-Delaney-Sun Valley Line Participants (Delaney Participants).

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

The Agreement will terminate upon the first of the following events to occur: 1) termination of the ANPP; 2) written agreement of all parties to terminate the Agreement; 3) termination of the Agreement pursuant to Article 23 (Default) of said Agreement; or 4) upon no less than ninety (90) calendar days advance written notice of termination from the Delaney Participants to the Operating Agent.

Charter Enabling Provisions

Charter Section 674(a)(1) provides that, subject to approval by ordinance, the Board has the power to approve contracts with the United States or any of its agencies, any state or any state agency, and any corporation, public or private, located inside or outside of the City of Los Angeles or State of California for the construction, ownership, operation and maintenance of facilities for the generation, transformation and transmission of electric energy that provides for a sharing of the use and benefits and of the capital charges and other obligations associated with the facilities. Additionally, pursuant to Charter Section 101, the City Council has the power to authorize the Board to amend the Agreement without further City Council approval.

CEQA Findings

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the Agreement is exempt pursuant to the 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 or state law equivalent to CEQA.

Council Rule 38 Referral

Pursuant to Council Rule 38, the draft ordinance has been presented to the Board of Water and Power Commissioners.

If you have any questions regarding this matter, please contact Deputy City Attorney Syndi Driscoll at (213) 367-4363. She or another member of this Office will be present when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

By 
DAVID MICHAELSON
Chief Assistant City Attorney

DM:SD:rc
Transmittal