



**MICHAEL N. FEUER**  
CITY ATTORNEY

REPORT NO. R 20 - 0008  
JAN 07 2020

**REPORT RE:**

**DRAFT ORDINANCE APPROVING THE SERVICE AGREEMENT FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE, DWP NO. BP 19-012, BY AND BETWEEN THE CITY OF LOS ANGELES, ACTING BY AND THROUGH THE DEPARTMENT OF WATER AND POWER, AND POWEREX CORPORATION, A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE PROVINCE OF BRITISH COLUMBIA, DOING BUSINESS IN CALIFORNIA AS POWEREX ENERGY CORPORATION**

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

Council File No. 19-1599

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 the approval the Service Agreement for Firm Point-to-Point Transmission Service, DWP No. BP 19-012, by and between the City of Los Angeles, acting by and through the Department of Water and Power (LADWP), and Powerex Corporation, a corporation organized and existing under the laws of the Province of British Columbia, doing business in California as Powerex Energy Corporation (Powerex) (Agreement).

Background

LADWP owns and operates its transmission system, dispatches its generation resources, and makes long-term power supply arrangements to meet its native load service obligations. To the extent there is transmission capacity available in excess of

native load needs, the amount of available capacity may be made available to eligible transmission customers through LADWP's Open Access Transmission Tariff (OATT). The current OATT was most recently updated in July 2017, by the City Council in accordance with Ordinance No. 183143.

Pursuant to the OATT, Powerex is requesting 496 Megawatts of Firm Point-to-Point Transmission Service with a point of receipt at the Nevada-Oregon Border on the Pacific Intertie Direct Current Transmission Line and a point of delivery at the Sylmar Switching Station for a term of two years with an automatic option to renew for an additional two-year term, unless either party notifies the other party of its desire to terminate the agreement.

#### Charter Enabling Provisions

Charter Section 674(a)(1) provides that, subject to approval by ordinance, the Board of Water and Power Commissioners (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 or State of California for the construction, ownership, operation, and maintenance of facilities for the generation, transformation, and transmission of electric energy.

#### CEQA Findings

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the Agreement is exempt pursuant to CEQA Guidelines Section 15060(c)(2). General Exemptions apply in situations where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. In accordance with this section, an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. Therefore, the execution of the Agreement is not subject 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:rb  
Transmittal