



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

REIKO A. KERR
Senior Assistant General Manager – Power System
Engineering, Planning, and Technical Services

MARTIN L. ADAMS
General Manager and Chief Engineer

DATE: January 10, 2020

SUBJECT: Amended and Restated Victorville-Lugo Interconnection Agreement
Between the Department of Water and Power of the City of Los Angeles
and Southern California Edison Company, DWP No. 10343

SUMMARY

The proposed Amended and Restated Victorville-Lugo Interconnection Agreement, DWP No. 10343 (Amended and Restated Agreement) governs the interconnection between the Department of Water and Power of the City of Los Angeles' (LADWP's) Victorville 500kilovolt (kV) Switchyard (Victorville) and Southern California Edison Company's (SCE's) Lugo 500kV Substation (Lugo). The Victorville-Lugo Interconnection Agreement is amended and restated to: 1) revise the available scheduling capacity and associated capacity share percentages allowed between LADWP and SCE ("Parties" collectively and "Party" individually) to reflect additional power transfer contributions resulting from facility modifications over time on each Party's respective transmission system, 2) update the terms and conditions relating to the capacity sharing arrangement between the Parties for reliable operation of each respective electric system, and 3) extend the term of the Victorville-Lugo Interconnection Agreement for an additional 40 years, from November 20, 2019 through November 20, 2059. The Amended and Restated Agreement will have no new or additional financial impact to LADWP.

Los Angeles City Council (City Council) approval is required pursuant to Charter Section No. 674.

RECOMMENDATION

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

- Execution of the Amended and Restated Agreement; and
- Delegation to the Board, authority to act on and approve all future updates to the Amended and Restated Agreement, without further approval by the City Council, provided that such updates not increase the cost or extend the term of the Amended and Restated Agreement.

ALTERNATIVES CONSIDERED

There are no alternatives in lieu of the execution of the Amended and Restated Agreement. The consequences of not approving the Amended and Restated Agreement will lead to LADWP's inability to share the transmission capacity on the Northern West of River Path 46 during outages or curtailments, thus possibly impacting LADWP's ability to reliably operate its system during said conditions.

FINANCIAL INFORMATION

LADWP has financial responsibility to own, operate, and maintain the facilities and equipment up to the point at which LADWP's 500kV Transmission Line from Victorville interconnects to SCE's 500kV Transmission Line from Lugo on SCE's transmission structure M7-T3 to form the Victorville-Lugo Interconnection.

The Amended and Restated Agreement will have no new or additional financial impact to LADWP.

BACKGROUND

The Victorville-Lugo Interconnection Agreement governs the interconnection of LADWP's Victorville and SCE's Lugo, which connects each Party's transmission system, the Northern West of River, and establishes the terms and conditions relating to the capacity sharing arrangement between the Parties for reliable operation of each respective electric system.

Each Party has a transmission capacity entitlement in the interconnected systems equal to the product of its capacity share percentage and available scheduling capacity as defined in the Victorville-Lugo Interconnection Agreement. The interconnection provides LADWP the benefit of sharing the transmission capability on the Northern West of River with SCE during outages or curtailment conditions, in accordance with each Party's transmission capacity entitlement, which provides support, reinforcement, improved flexibility and reliability to both Party's electric system.

Such sharing of transmission system capability is revised to reflect additional power transfer contributions made by facility modifications over time to each Party's respective transmission system.

The Amended and Restated Agreement shall remain in effect for forty (40) years after its effective date unless prior termination is mutually agreed upon by the Parties.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines 15060 (c)(2). In accordance with this section, an activity is not subject to CEQA if it will not result in direct or reasonable foreseeable indirect physical change in the environment. The ownership, use, interconnections, and financial responsibilities of the Amended and Restated Agreement will not result in any physical change in the environment. Therefore, this activity is not subject to CEQA.

City Administrative Officer (CAO) Report

The approved CAO Report dated November 19, 2019 is attached.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- Amended and Restated Victorville-Lugo Interconnection Agreement, DWP No. 10343
- Draft Ordinance
- CAO Report