

Los Angeles



Department of Water & Power

ERIC GARCETTI
Mayor

Commission
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WILLIAM W. FUNDERBURK JR., *Vice President*
JILL BANKS BARAD
MICHAEL F. FLEMING
CHRISTINA E. NOONAN
BARBARA E. MOSCHOS, *Secretary*

MARCIE L. EDWARDS
General Manager

May 2, 2014

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

Honorable Members:

Subject: Transmission Service Agreement No. BP 13-043 with the City of Pasadena

Pursuant to Charter Section 674, enclosed for approval by your Honorable Body is Resolution No. 014 183, adopted by the Board of Water and Power Commissioners on April 15, 2014, approved as to form and legality by the City Attorney, which authorizes execution of the Transmission Service Agreement No. BP 13-043 with the City of Pasadena for 14 Megawatts of Long-Term-Firm Point-to-Point Transmission Service.

If additional information is required, please contact Ms. Winifred Yancy, Director of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barbara E. Moschos', is written over a faint, larger version of the same signature.

Barbara E. Moschos
Board Secretary

BEM:oja

Enclosures: LADWP Resolution
Board Letter
CAO Report
Open Access Transmission Tariff Agreement

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

111 N. Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles, CA 90051-5700
Telephone: (213) 367-4211 www.LADWP.com

BY _____ DEPUTY

CITY CLERK

2014 JUN 13 AM 10:54

RECEIVED
CITY CLERKS OFFICE

c/enc: Mayor Eric Garcetti

Councilmember Felipe Fuentes, Chair, Energy and the Environment Committee

Gerry F. Miller, Chief Legislative Analyst

Miguel A. Santana, City Administrative Officer

Rafael Prieto, Legislative Analyst, CLA

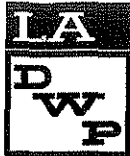
William R. Koenig, Chief Administrative Analyst

Winifred Yancy

bc: Marcie L. Edwards, General Manager w/o enc.

City Attorney's Office w/o enc. (2)

Board File



Los Angeles
Department of
Water & Power

7
RESOLUTION NO. 014 183
APR 15 2014

BOARD LETTER APPROVAL

Handwritten signature of David H. Wiggs.

DAVID H. WIGGS
Senior Assistant General Manager
Power System

Handwritten signature of Marcie L. Edwards.

MARCIE L. EDWARDS
General Manager

DATE: March 26, 2014

SUBJECT: Transmission Service Agreement No. BP 13-043 Between the Los Angeles Department of Water and Power (LADWP) and the City of Pasadena (Pasadena) for 14 Megawatts (MWs) of Long-Term Firm Point-to-Point Transmission Service

SUMMARY

The purpose of this proposed agreement is to enter into Transmission Service Agreement No. BP 13-043 (Agreement) between the LADWP and Pasadena (Parties), which allows LADWP to provide Pasadena with 14 MWs of long-term firm point-to-point transmission service within LADWP's control area from the Receiving Station E (RS-E) to Sylmar Receiving Station at 20 percent discount to the current tariff rate for a 10-year term starting approximately on January 1, 2014, or when the Agreement is fully executed, pursuant to LADWP's Open Access Transmission Tariff (OATT) No. BP 01-017.

Per City Charter Section 674 and Ordinance No. 174479, City Council approval is required.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval, by Ordinance, of the Transmission Service Agreement No. BP 13-043 between LADWP and Pasadena for 14 MWs of Long-Term Firm Point-to-Point Transmission Service.

ALTERNATIVES CONSIDERED

The discussion of alternatives is not applicable to the subject Agreement. LADWP will be providing requested transmission service pursuant to established and approved procedures.

FINANCIAL INFORMATION

The revenue generated, to the benefit of the Power Revenue Fund from the sale of the subject transmission service is estimated to be about \$522,000 per year or \$5,220,000 total over the 10-year term ending approximately on January 1, 2024.

The Agreement will remain in full force until the earlier of:

1. Termination by mutual agreement of the Parties.
2. Termination by LADWP upon giving Pasadena one-year advance written notice.
3. Ten years from the start date.

BACKGROUND

Los Angeles City Ordinance No. 174479 provides for the terms and conditions upon which unused transmission may be sold by LADWP in accordance with OATT No. BP 01-017.

LADWP has determined that there is sufficient transmission capacity which is excess to LADWP's native-load requirement to be sold to Pasadena pursuant to the terms and conditions of OATT No. BP 01-017. Furthermore, since the requested transmission service path is outward and counter to LADWP's normal power flow direction, it would reduce LADWP's transmission loss and increase LADWP's capability to import external generation accordingly, and thus deemed justifiable to provide Pasadena a 20 percent discount to the current tariff rate.

City Council approval is required, attached is the City Administrative Report dated March 6, 2014, which recommends approving the Agreement.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that Transmission Service Agreement No. BP 13-043 between LADWP and Pasadena for 14 MWs of Long-Term Firm Point-to-Point Transmission Service is exempt pursuant to the General Exemption described in CEQA Section 15061(b)(3).

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.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved Transmission Service Agreement No. BP 13-043 between LADWP and Pasadena for 14 MWs of Long-Term Firm Point-to-Point Transmission Service and Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Ordinance
- Agreement
- City Administrative Officer Report

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 6, 2014

CAO File No. 0150-10144-0000

Council File No.

Council District: N/A

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated December 12, 2013; referred by the Mayor for report on January 14, 2014

Subject: **TRANSMISSION SERVICE AGREEMENT NO. BP 13-043 BETWEEN THE LOS ANGELES DWP AND THE CITY OF PASADENA**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution, and ordinance provided by the City Attorney, to execute Transmission Service Agreement No. BP 13-043 (Agreement) between the DWP and the City of Pasadena (Pasadena). Approval of this request will authorize DWP to provide Pasadena with 14 Megawatts (MWs) of capacity for point-to-point transmission service within DWP's control area from Receiving Station E (Toluca) to the Sylmar Receiving Station. The duration of the Agreement is 10-years beginning in approximately January 2014 through January 2024. The proposed Agreement is in accordance with the fees, terms, and conditions of the Open Access Transmission Tariff No. BP 01-017 (OATT) including a 20 percent discount to the tariff rate. The estimated revenue to the Power Revenue Fund is approximately \$522,000 per year or \$5,220,000 total over the 10-year term.

City Council approval by ordinance is required in accordance with Charter Section 674 – Power Contracts. The City Attorney has approved the proposed Resolution and the Ordinance authorizing execution of the Agreement as to form and legality.

Approval of this request will allow Pasadena to receive its share of power from the Magnolia Power Plant, a Southern California Power Purchase Authority (SCPPA) project located in the City of Burbank. As proposed, DWP will provide 14 MWs of transmission service within the DWP control area from Receiving Station E (Toluca) to the Sylmar Receiving Station in order to deliver Pasadena's share of power from the Magnolia Power Plant. The point-of-delivery in Sylmar is where DWP interconnects with the California Independent System Operator (CAISO).

In addition, Pasadena requested a 20 percent discount to the current OATT rate of \$46,680 per MW per year resulting in a net cost after discount of \$37,344 per MW per year. A Department evaluation determined that excess transmission capacity was available to be provided to Pasadena; furthermore, as the requested transmission service path is outward and counter to the normal DWP

power flow direction, DWP stated it (i) would reduce the DWP transmission loss and (ii) increase the DWP capability to import external generation thus it deemed justifiable to provide the requested discount.

The total capacity of the Toluca to Sylmar path is 1,408 MW and the recent maximum usage in February 2014 was 554 MW. Although it is noted that the capacity utilized for a path varies depending on usage, the Department asserts that sufficient transmission capacity is available on this path for DWP usage and the proposed transmission agreement.

Pasadena previously received transmission services through an agreement with the City of Glendale (Glendale) that transferred DWP transmission capacity under contract for Glendale, in violation of transmission contract no. 10142 between DWP and Glendale. DWP did not provide authorization for the reselling of the Glendale agreement and did not receive payments from Pasadena or Glendale for the transmission activities. According to the Department, Glendale denies that it did anything wrong. Pasadena was notified regarding the contractual dispute and at the expiration of DWP-Glendale transmission contract no. 10142 in September 2013, Pasadena requested a new agreement directly with DWP to secure the transmission capabilities necessary for delivering power generated at the Magnolia Power Plant. DWP states that the new contract benefits the Department by (i) receiving revenues for unused transmission capacity, and (ii) avoids Glendale producing revenue from transmission contracts that should not have been transferred or re-sold. Pasadena is presently purchasing short-term transmission services from DWP pending approval of this proposed long-term 10-year contract.

Upon review of the attached DWP request, it is the opinion of this Office that the item can be approved as the requested action appears to be reasonable and in accordance with City policies and procedures.

RECOMMENDATION

That the Mayor:

1. Approve the proposed resolution, and ordinance provided by the City Attorney, authorizing the execution of Transmission Service Agreement No. BP13-043 with the City of Pasadena for 10-year term from January 2014 through January 2024;
2. Return the request to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will result in total revenue of approximately \$5,220,000 to the Power Revenue Fund over the 10-year term of the Agreement. The proposed Agreement complies with the Department's adopted Financial Policies. Approval of the proposed resolution will not impact the City's General Fund.

TIME LIMIT FOR COUNCIL ACTION

The City Attorney advises that there is no time limitation on items approved by ordinance.

MAS:RPR:10140115

Department of Water and Power
of the City of Los Angeles

Open Access Transmission Tariff
Original Sheet No. 1

**Form of Service Agreement For
Long-term Firm Point-To-Point Transmission Service**

- 1.0 **PARTIES:** The Parties to this Service Agreement for Long-term Firm Point-to-Point Transmission Service, DWP No. BP 13-043 (“Service Agreement”), are The City of Pasadena, a municipal corporation organized and existing under the laws of the State of California (“Transmission Customer”), and The City of Los Angeles by and through the Department of Water and Power (“Transmission Provider”), a department organized and existing under the Charter of the City of Los Angeles, a municipal corporation of the State of California, hereinafter referred to individually as “Party” and collectively as “Parties”.
- 2.0 **AGREEMENT:** In consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:
- 3.0 **EFFECTIVE DATE and TERM:**
- 3.1 **Effective Date:** This Service Agreement shall become effective on the later of (i) the first day of the month after the Service Agreement is duly executed by the Parties, or (ii) 00:00 hours (Pacific Prevailing Time) on the Start Date shown in Section 1.0 of the Specifications, which is attached herewith and made a part hereof.
- 3.2 **Termination Date:** This Service Agreement shall continue in full force and effect until the earlier of: (i) termination by mutual agreement of the Parties; (ii) termination by Transmission Provider under Section 13.1 of the Tariff; or (iii) 23:59 hours (Pacific Prevailing Time) on the Termination Date shown in Section 1.0 of the Specifications, which is attached herewith and made a part hereof.
- 4.0 **TARIFF:** The Transmission Provider’s Open Access Transmission Tariff (“Tariff”) is incorporated herein as located at http://www.oatioasis.com/LDWP/LDWPdocs/OATT_October_2001_REV_2.doc and made a part hereof.
- 5.0 **TRANSMISSION SERVICE:**
- 5.1 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application, Request No 78429470, for Firm Point-To-Point Transmission Service under the Tariff.

- 5.2 The Transmission Customer has provided to the Transmission Provider an Application processing fee in accordance with the provisions of Section 17.3 of the Tariff.
- 5.3 Service under this Service Agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment facilities and/or Network Upgrades are completed. Service under this Service Agreement shall terminate pursuant to Section 3.2 of this Service Agreement.
- 5.4 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 EFFECT OF SECTION HEADINGS: Section headings appearing in this Service Agreement are inserted for convenience only and shall not be construed as interpretations of text.
- 7.0 NO DEDICATION OF FACILITIES: Any undertaking by one Party to the other Party under any provisions of this Service Agreement shall not constitute the dedication of the system or any portion thereof of either Party to the public or to the other Party or any other person or entity, and it is understood and agreed that any such undertaking by either Party shall cease upon the termination of such Party's obligations under this Service Agreement.
- 8.0 WAIVERS: Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter arising in connection therewith. Any delay, short of the statutory period of limitation in asserting or enforcing any right, shall not be deemed a waiver of such right.
- 9.0 RELATIONSHIP OF PARTIES: The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation, or liability, on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Service Agreement. Neither Party shall be under the control of or shall deem to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's written consent.

- 10.0 NO THIRD-PARTY RIGHTS: The Parties do not intend to create rights in, or to grant remedies to, any Third Party as a beneficiary of this Service Agreement or of any duty, covenant, obligation, or undertaking established herein.
- 11.0 GOVERNING LAW: This Service Agreement shall be interpreted, governed by, and construed under the laws of the State of California with venue in the City of Los Angeles.
- 12.0 ENTIRE AGREEMENT: This Service Agreement contains the entire agreement and understanding between the Parties, their agents, and employees as to the subject matter of this Service Agreement. This Service Agreement may be amended only by a written document signed by the Parties. It is understood by the Parties that the terms and conditions of this Service Agreement are unique to the transactions described herein and shall not, therefore, be considered as precedent for any future transactions between the Parties or between any of the Parties and a Third Party. Each Party acknowledges that each Party was represented by counsel in the negotiation and that it has been authorized to execute this Service Agreement. The Transmission Customer represents and warrants that it is free to enter into this Service Agreement and to perform each of the terms and covenants of it. The Transmission Customer represents and warrants that it is not restricted or prohibited, contractually or otherwise, from entering into and performing this Service Agreement, and that the execution and performance of this Service Agreement by the Transmission Customer will not constitute a violation or breach of any other Agreement between it and any other person or entity.
- 13.0 ATTORNEY FEES AND COSTS: Both Parties agree that in any action to enforce the terms of this Service Agreement that each Party shall be responsible for its own attorney fees and costs.
- 14.0 SEVERABILITY: If any part, term or provision of this Service Agreement shall be held void, illegal, unenforceable, or in conflict with any law of a Federal, State or Local Government having jurisdiction over this Service Agreement, the validity of the remaining portions or provisions shall not be affected thereby.
- 15.0 AUTHORIZED REPRESENTATIVE:
- 15.1 Each Party, within thirty (30) calendar days after the effective date of this Service Agreement, shall appoint and designate a person to be its Authorized Representative. Such appointment and designation shall be in writing and shall be forwarded by each Party to the other.
- 15.2 Each Authorized Representative shall be authorized and empowered by the appointing Party to carry out the provisions of this Service Agreement on behalf of and for the benefit of such Party, and to provide liaison between the Parties.

15.3 The Authorized Representatives shall have no authority to alter, modify, or delete any of the provisions of this Service Agreement.

16.0 NOTICES: Notifications under this Service Agreement, except written notices required or authorized herein, shall be made by telephone or such other means as mutually agreed to between the Parties' Dispatchers or Schedulers. Any written notices required or authorized under this Agreement shall be delivered in person or sent by registered or certified mail, postage prepaid, to the persons specified below:

If to Los Angeles, the notice shall be sent to:

City of Los Angeles by and through
The Department of Water and Power
c/o Director of Power System Planning and Projects, (or any successor thereto)
P.O. Box 51111, Room 1255 John Ferraro Building
Los Angeles, California 90051-0100

If to the Transmission Customer:

City of Pasadena
Pasadena Water & Power
Attention: Mr. Gurcharan Bawa
Assistant General Manager – Power Supply, (or any successor thereto)
150 Los Robles Ave., Suite 200
Pasadena, CA 91101

With a copy to:

City of Pasadena
Pasadena Water & Power
Attention: Leesa Nayudu, Resource Planning Manager (or any successor thereto)
150 Los Robles Ave., Suite 200
Pasadena, CA 91101

Either Party may, from time to time, by written notice to the other Party, change the designation or address of the person so specified as to the one to receive notices pursuant to this Service Agreement.

17.0 The Transmission Customer declares under penalty of perjury that the terms and conditions contained in this executed Service Agreement are exactly the same as the

terms and conditions contained in the standard form service agreement attached as Attachment A ("Form of Service Agreement For Long-term Firm Point-To-Point Transmission Service") to the Transmission Provider's Tariff, which is located at http://www.oatioasis.com/LDWP/LDWPdocs/OATT_October_2001_REV_2.doc

SECRET OF SA REVORNTA
DATE: 10/1/01
BY: [illegible]

18.0 SIGNATURE CLAUSE: The signatories hereto represent that they have been appropriately authorized to enter in this Service Agreement for Long-term Firm Point-to-Point Transmission Service DWP No. BP 13-043 on behalf of the Party for whom each signs. This Service Agreement is hereby executed as of the _____ day of _____, 2013.

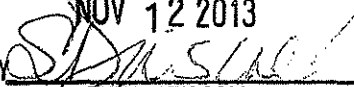
DEPARTMENT OF WATER AND POWER OF
THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER COMMISSIONERS OF
THE CITY OF LOS ANGELES

Date: _____

By: _____
MARCIE L. EDWARDS, General Manager

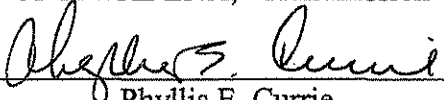
And: _____
BARBARA E. MOSCHOS, Secretary

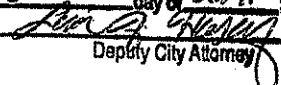
APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY


NOV 12 2013
BY 
SYNDI DRISCOLL
DEPUTY CITY ATTORNEY

CITY OF PASADENA, "Transmission Customer"

Date: 10/04/13

By: 
Phyllis E. Currie
General Manager, Water & Power Department

APPROVED AS TO FORM:
This 30th day of Sept. 2013
By 
Deputy City Attorney

ATTEST

MARK JOMSKY, CMC
CITY CLERK

Specifications For Long-Term Firm Point-To-Point
Transmission Service

1.0 Term of Transaction: In accordance with Section 3 of the Service Agreement

Start Date: January 1, 2014 or the Effective Date in accordance to Section 3 of the Service Agreement

Termination Date: Ten years after the Start Date.

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

Fourteen (14) MW within the Transmission Provider control area

3.0 Point(s) of Receipt: Receiving Station E (RS-E) within the Transmission Provider Control Area

Delivering Party: City of Pasadena

4.0 Point(s) of Delivery: Sylmar Receiving Station into the Southern California Edison AC Bus.

Receiving Party: City of Pasadena

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity):
Fourteen (14) MW

6.0 Designation of Party(ies) subject to reciprocal service obligation: None

7.0 Name(s) of any Intervening Systems providing transmission service: None

- 8.0 Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)
- 8.1 Transmission Charge: \$37,344 per MW-year. This transmission charge is 20% off of the current tariff rate of \$46680 per MW-year. The 20% discount applies to future transmission charge when a new tariff is in effect.
- 8.2 System Impact and/or Facilities Study Charge(s):
None required
- 8.3 Direct Assignment Facilities Charge: None
- 8.4 Scheduling, System Control and Dispatch Services Charges: As applicable per Schedule 1 of the Tariff
- 8.4 Ancillary Services Charges: All applicable ancillary services as determined by the Transmission Provider under the effective Tariff at the time of scheduling the transmission
- 8.5 Transmission Loss: Loss factor of 2.0 % of the transmitted energy. Other requirements are as applicable per Section 15.6 of the Tariff