

0150-11022-0000

TRANSMITTAL

TO
David H. Wright, General Manager
Department of Water and Power

DATE
DEC 19 2017

COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT

**WHOLESALE ELECTRIC SERVICE AGREEMENT BP 16-025 WITH OVERTON POWER
DISTRICT NO. 5**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 19, 2017

CAO File No. 0150-11022-0000
Council File No.
Council District:

To: The Mayor

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Reference: Proposal from the Department of Water and Power dated September 6, 2017

Subject: **WHOLESALE ELECTRIC SERVICE AGREEMENT BP 16-025 WITH OVERTON
POWER DISTRICT NO. 5**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution and ordinance authorizing (i) approval of Wholesale Electric Service Agreement BP 16-025 for the sale of wholesale energy to Overton Power District No. 5, and (ii) delegation of authority to the Department of Water and Power Board of Commissioners to approve revisions and amendments, provided that the changes do not increase the cost or extend the term of the Agreement; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

SUMMARY

Approval of the proposed resolution and Ordinance authorizes Wholesale Electric Service Agreement BP 16-025 (Agreement) with Overton Power District No. 5 (Overton), a non-profit special improvement district of the State of Nevada. Overton provides retail electric service in the State of Nevada, including to its customer the 250 megawatt (MW) Moapa Southern Paiute Solar Project (Moapa). Overton does not own transmission lines to connect with Moapa.

The proposed Agreement enables DWP to sell wholesale energy to Overton which will deliver the energy through a DWP-owned transmission line and ultimately to Moapa. DWP owns and operates a transmission line for delivering solar energy generated at Moapa to Los Angeles under a 25-year Power Purchase Agreement (PPA). The same transmission line will be utilized to send energy to Moapa allowing for the operation of the facility during start-up processes and when self-generated energy at the facility is unavailable.

The proposed Agreement will provide DWP with revenue of \$40.90 per MW/hour (MWh) during a 25-year term. DWP expects to generate approximately \$287,000 annually and a total of \$7.175 million over the 25-year term of the Agreement.

Additionally, approval of the ordinance will provide a delegation of authority to the DWP Board to approve revisions and amendments that are ministerial, administrative, or technical in nature, provided that the changes do not increase the cost or extend the term of the Agreement.

City Council approval, by ordinance, of the proposed resolution is required pursuant to City Charter Section 674 regarding power contracts and Section 373 for long-term contracts. Approval of the resolution will waive the contracting policies in the Los Angeles Administrative Code Division 10 for the Agreements. The City Attorney advises that routine power transactions and utility to utility agreements are not subject to these policies. The City Attorney has approved the proposed resolution as to form and legality.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will result in revenue for the Power Revenue Fund totaling approximately \$7.175 million over the 25-year term of the Agreement. There is no fiscal impact to the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

RHL:RR:10180009