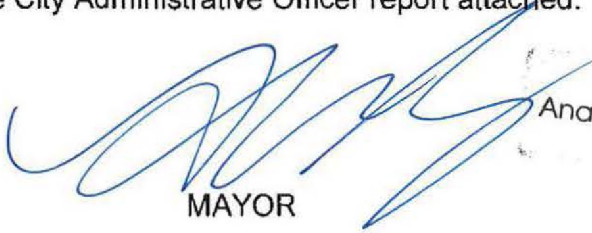


POWER SYSTEM

FEB 14 2018

EXECUTIVE OFFICE



TRANSMITTAL		0150-11049-0000
TO David H. Wright, General Manager Department of Water and Power	(PPD)	DATE FEB 09 2018
FROM The Mayor		COUNCIL DISTRICT
<p>ARIZONA NUCLEAR POWER PROJECT HIGH VOLTAGE SWITCHYARD INTERCONNECTION AGREEMENT BP 17-026</p> <p>Approved and transmitted for further processing including Council consideration. See the City Administrative Officer report attached.</p> <div style="text-align: right; margin-right: 100px;"> Ana Guerrero MAYOR</div>		

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 6, 2018

CAO File No. 0150-11049-0000

Council File No.

Council District:

To: The Mayor

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

Reference: Communication from the Department of Water and Power dated December 4, 2017

Subject: **ARIZONA NUCLEAR POWER PROJECT HIGH VOLTAGE SWITCHYARD INTERCONNECTION AGREEMENT BP 17-026**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution, by Ordinance, authorizing approval of the Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement BP 17-026;
2. Authorize the DWP Board of Commissioners to act on and approve all future amendments to the Arizona Nuclear Power Project High Voltage Switchyard Interconnection Agreement BP 17-026, without further approval by the Council, provided that such amendments do not increase the cost or extend the term of the Agreement; and,
3. Return the proposed resolution to the Department for further processing, including Council consideration.

SUMMARY

Approval of the proposed resolution, by Ordinance, authorizes the Department of Water and Power (DWP) to execute the Arizona Nuclear Power Project (ANPP) High Voltage (HV) Switchyard Interconnection Agreement BP 17-026 (Agreement) between:

- a. The co-owners of the ANPP including the DWP, Arizona Public Service Company, El Paso Electric Company, Public Service Company of New Mexico, Salt River Project Agricultural Improvement and Power District (SRP), Southern California Edison Company (SCE), and the Southern California Public Power Authority (SCPPA); and,
- b. The Central Arizona Water Conservation District, also known as the Palo Verde-Delaney-Sun Valley 500 kV Transmission Project (Delaney Participants).

The purpose of the proposed Agreement is to establish the costs, terms, and conditions for the construction, maintenance, and operation of facilities needed for the Delaney Participants to

physically interconnect their Palo Verde-Delaney-Sun Valley 500kV transmission line to the ANPP HV Switchyard. The Delaney Participants will be responsible for all costs associated with the proposed Agreement.

Unanimous approval of the proposed Agreement by all co-owners of the ANPP is a requirement for interconnection by the Delaney Participants. DWP asserts there are no available alternatives. Furthermore, consequences of not approving this proposal could affect the ability of DWP to receive renewable energy being developed in the vicinity of the ANPP HV Switchyard.

The proposed Agreement can be terminated for various causes including due to a breach of contract, due to force majeure, or upon 90 days written notice from Delaney Participants.

The proposed resolution will also authorize the DWP Board of Commissioners (Board) to approve all future amendments to the Agreement, without further approval by the Council, provided that the amendments do not increase the costs or extend the duration of the Agreement.

City Council approval by Ordinance is required for power contracts, pursuant to Charter Section 674. There is no time limitation for items approved by ordinance. The City Attorney has approved the proposed resolution and Agreement as to form and legality.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution does not result in a negative fiscal impact to the Power Revenue Fund. There is no financial impact to the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

RHL:RR:10180053