

0150-12138-0000

TRANSMITTAL

TO
Martin L. Adams, General Manager
Los Angeles Department of Water and Power

DATE
11/09/2022

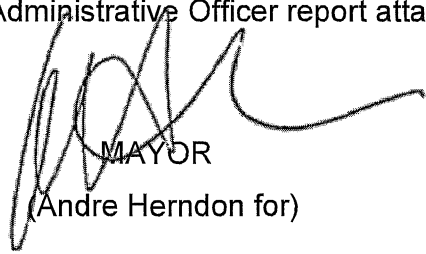
COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
All

**NAVAJO PROJECT PACIFIC NORTHWEST-PACIFIC SOUTHWEST INTERTIE PROJECT
FOR THE DECOMMISSIONING AGREEMENT OF A PHASE SHIFTING TRANSFORMER AT
THE LIBERTY SUBSTATION (DWP No. BP 21-014)**

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



MAYOR
(Andre Herndon for)

MWS:IR:10230043

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 8, 2022

CAO File No. 0150-12138-0000

Council File No.

Council District:

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Communication from the Department of Water and Power dated June 21, 2022, referred by the Mayor for report on July 7, 2022

Subject: **NAVAJO PROJECT PACIFIC NORTHWEST-PACIFIC SOUTHWEST INTERTIE PROJECT FOR THE DECOMMISSIONING AGREEMENT OF A PHASE SHIFTING TRANSFORMER AT THE LIBERTY SUBSTATION (Agreement No. BP 21-014)**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution and Ordinance authorizing the execution of the Liberty Phase Shifter Decommissioning Agreement between the Project Participants for the Navajo Project.Pacific Northwest-Pacific Southwest Intertie Project;
 - a. Upon proper certification, the Chief Accounting Employee is authorized and directed to draw demands on the Power Revenue Fund, in accordance with the terms of this Agreement.
2. Return the proposed Resolution and Ordinance to the Department for further processing, including City Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests approval to enter into the Decommissioning Agreement between the Navajo Participants prepared by the Western Area Power Administration (WAPA) for the Decommissioning of a Phase Shifting Transformer at the Liberty Substation. The Navajo Participants include the United States Bureau of Reclamation, Department of Energy, Arizona Public Service Company, Nevada Power Company, Salt River Project Agricultural Improvement and Power District, Tucson Electric Power Company and LADWP. Together the Navajo Participants have determined the Liberty Phase Shifter is no longer needed for the Navajo Transmission System. Each participant has agreed to pay its percentage share of the decommissioning costs on or before September 23, 2023. LADWP's portion is \$175,259.75. WAPA is responsible for the operations and maintenance of a component of the Navajo Transmission System, which included the Liberty Phase Shifter and is the lead on this

project.

The proposed Decommissioning Agreement outlines the rights and responsibilities of each party relative to their role in the decommissioning of the phase shifting transformer at the Liberty Substation.

The City Council approval is required pursuant to Charter Section 674, for power transmission contracts, subject to approval by ordinance. The City Attorney has approved the proposed Resolution and Ordinance as to form and legality.

Background

The Navajo Participants entered into the original Navajo Project Pacific Northwest-Pacific Southwest Intertie Agreement in 1974 for the Installation, Operation, Maintenance and Replacement for the Phase Shifting Transformer at the Liberty Substation located in Maricopa County, Arizona to control the power flow between the Mead-Liberty line and the Navajo Transmission System to improve reliability as it was determined this was the most economical method.

On June 24, 2020, the City Council (Council File No. 20-0661) approved a draft amendment to this Agreement to ensure alignment with the Amended and Restated Navajo Co-Tenancy Agreement (CTA) provisions; and extended the contract to September 2021, to allow time for each participant to determine whether or not the Phase Shifting Transformer continued to meet their operational needs now that the Navajo Generating Station is being decommissioned. This Agreement has expired and will not be renewed as the WAPA and the Navajo Participants have elected to decommission the Shifting Transformer. A path rating study was completed for East of River, Palo Verde East, Navajo South Transmission Line, Path 46, Path 81/SNTI as part of advance planning for the future of the Phase Shifting Transformer, including the possible Decommissioning. The outcome of the Study determined that the overall interconnected systems do not need a regulating Shifting Transformer at the Liberty Substation to control and maintain the power pathways.

Proposed Decommissioning Agreement

The term of the Agreement commences on September 22, 2021 and shall remain in effect until the Decommissioning is completed and WAPA has finalized its obligations. Each Participant will provide WAPA with its Percentage Share on or before September 30, 2023, in advance of any work. LADWP retains ownership and 21.2 percentage share. The total Project Cost is \$826,696.94 with LADWP's portion as \$175,259.75

Summary of Percentage Shares and Cost

Participant	Share Percentage	Percentage Share Of Cost
Arizona Public Service Company	14%	\$115,737.57
LADWP	21.2 %	\$175,259.75
Nevada Power Company	11.3%	\$ 93,416.75
Salt River Project	21.7%	\$179,393.24
Tucson Electric Power	7.5%	\$ 62,002.27
United States of Bureau of Reclamation	24.3%	\$200,887.36
Total	100.0%	\$826,696.94

It is anticipated that funding for this Project will be budgeted in LADWP's 2023-24 Proposed Budget and will be paid on or before September 30, 2023.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Approval of the proposed Resolution and Ordinance will have a fiscal impact of \$175,259.75 to the LADWP Power Revenue Fund in 2023-24. The proposed action complies with the LADWP Financial Policies in that funding will be budgeted and available for this purpose.

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Attachments