

BOARD LETTER APPROVAL



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DATE: January 12, 2023

SUBJECT: Agreement for the Navajo Project Pacific Northwest-Pacific Southwest Intertie Project for the Decommissioning of a Phase Shifting Transformer at Liberty Substation, DWP No. BP 21-014

SUMMARY

Power System is seeking approval for the proposed agreement in reference to the Contract No. 21-DSR-13092 prepared by Western Area Power Administration (WAPA) and Navajo Participants for the Navajo Project Pacific Northwest-Pacific Southwest Intertie Project for the Decommissioning of a Phase Shifting Transformer at Liberty Substation, DWP No. BP 21-014 (Decommissioning Agreement). The Decommissioning Agreement is among the Department of Water and Power (LADWP) of the City of Los Angeles; United States of America, Department of the Interior, Bureau of Reclamation; United States of America, Department of Energy, Western Area Power Administration, Desert Southwest Region; the Arizona Public Service Company; the Nevada Power Company d/b/a NV Energy; the Salt River Project, Agricultural Improvement and Power District; and the Tucson Electric Power Company. The aforementioned entities with the exception of WAPA shall be collectively referred to as the "Navajo Participants". Pursuant to the Decommissioning Agreement, WAPA is the Decommissioning Agent.

The proposed Decommissioning Agreement outlines the rights and obligations of each party with regards to the decommissioning of the phase shifting transformer at the Liberty Substation (Liberty Phase Shifter).

City Council approval, by ordinance, is required pursuant to Los Angeles Charter Section 674.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution approving the Decommissioning Agreement.

ALTERNATIVES CONSIDERED

No alternatives to the execution of the Decommissioning Agreement were considered. The Navajo Participants have determined that the Liberty Phase Shifter is no longer needed for the economic and reliable operation of the Navajo Southern Transmission System and the Navajo Western Transmission System, collectively referred to as "Navajo Project" and have determined to proceed with the decommissioning of the Liberty Phase Shifter. Decommissioning will eliminate all future operation and maintenance costs that the Navajo Participants will incur if the equipment were to be left in place.

FINANCIAL INFORMATION

Upon execution of the Decommissioning Agreement, WAPA will invoice each party its percentage share of cost for the decommissioning of the Liberty Phase Shifter. Each party shall pay its share on or before September 30, 2023. The estimated total of the Work, as defined in the Decommissioning Agreement is \$826,696.94, and the LADWP's share is \$175,259.75.

BACKGROUND

In 1974, the Navajo Participants and WAPA entered into the Navajo Project Pacific Northwest-Pacific Southwest Intertie Project for the Installation, Operation, Maintenance and Replacement for the Phase Shifting Transformer at the Liberty Substation, Contract No. 14-06-300-2438, as amended from time to time (Liberty Agreement No. 2438). The Liberty Agreement No. 2438 established the terms and conditions, including, but not limited to, the cost allocation of the operation and maintenance of the Liberty Phase Shifter among the Navajo Participants. WAPA is responsible for the operation and maintenance of a component of the Navajo Transmission System which includes the Liberty Phase Shifter.

The original installation of the Liberty Phase Shifter was necessary for the most economical control of division of the power flow between the Mead-Liberty line and the Navajo Project. The Navajo Participants have determined that the Liberty

Phase Shifter is no longer needed for the economic and reliable operation of the Navajo Project. The Liberty Agreement No. 2438 expired on September 22, 2021. The parties are proposing to enter into the Decommissioning Agreement to outline their rights and obligations for the decommissioning of the Liberty Phase Shifter.

To avoid any lapse between the expired Liberty Agreement No. 2438 and the Decommissioning Agreement, the parties agreed that the Decommissioning Agreement is effective at midnight on September 22, 2021 and shall remain in effect until such time as decommissioning, as defined in the Decommissioning Agreement, is complete, and WAPA finalizes its obligations in Section 9.4 in said agreement.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report (CAO) was approved on November 9, 2022.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition. Therefore, approval of the Decommissioning Agreement is not subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- Agreement
- Ordinance
- CAO Report