



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R 25 - 0008
JAN 16 2025

REPORT RE:

**DRAFT ORDINANCE APPROVING THE SECOND AMENDED AND RESTATED
NAVAJO PROJECT AGREEMENTS AND DELEGATING TO THE BOARD OF
WATER AND POWER COMMISSIONERS LIMITED AUTHORITY TO AMEND SAID
AGREEMENTS**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance provides for the approval of the following: (1) the Second Amended and Restated Navajo Co-Tenancy Agreement, DWP No. BP22-014; (2) the Second Amended and Restated Navajo Southern Transmission Operating Agreement, DWP No. BP22-015; and (3) the Second Amended and Restated Navajo Western Transmission Operating Agreement, DWP No. BP22-016, collectively the Second Amended and Restated Navajo Project Agreements; and to delegate to the Board of Water and Power Commissioners (Board) limited authority to amend said agreements.

Background

The Navajo Project Participants consist of the City of Los Angeles, acting by and through the Department of Water and Power (LADWP), the United States of America Department of Interior Bureau of Reclamation, Arizona Public Service Company, NV Energy, Salt River Project Agricultural Improvement and Power District, and Tucson Electric Power.



The Navajo Project originally consisted of the Navajo Generating Station (NGS), the Southern Transmission System (STS), and the Western Transmission System (WTS). In 2019, the NGS was decommissioned by the Navajo Project Participants, leaving the Navajo Project to be comprised of the STS and WTS. Thereafter, to continue operation of the STS and WTS, the Navajo Project Participants amended and restated the original Navajo Project agreements to accurately reflect the new configuration of the Navajo Project. The Amended and Restated Navajo Project Agreements included the first Amended and Restated Navajo Co-Tenancy Agreement, the first Amended and Restated Navajo Southern Transmission System Operating Agreement, and the first Amended and Restated Navajo Western Transmission System Operating Agreement. The Amended and Restated Navajo Project Agreements were put in place to establish the terms and conditions of the Navajo Project without the NGS.

The proposed Second Amended and Restated Navajo Project Agreements update certain terms and conditions to reflect the current operating and maintenance practices of the Navajo Project. Further, the proposed Second Amended and Restated Navajo Project Agreements accurately reflect the Navajo Project Participants' ownership shares, cost responsibility, and the facilities as they currently exist. The Second Amended and Restated Navajo Project Agreements will supersede the existing Amended and Restated Navajo Project Agreements.

Charter Enabling Provisions

Charter Section 674(a)(1) provides that, subject to approval by ordinance, the Board has the power to approve contracts with the United States or any of its agencies, any state or any state agency, and any corporation, public or private, located inside or outside of the City of Los Angeles or State of California for the construction, ownership, operation, and maintenance of facilities for the generation, transformation, and transmission of electric energy that provides for a sharing of the use and benefits and of the capital charges and other obligations associated with the facilities. In addition, pursuant to Charter Section 101, the City Council has the power to authorize the Board to amend the Second Amended and Restated Navajo Project Agreements without further City Council approval.

CEQA Findings

Pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3), the Second Amended and Restated Navajo Project Agreements are exempt. 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, the restating and amending of the

agreements to revise the language and update definitions, diagrams and cost responsibility ratios are not subject to CEQA.

Council Rule 38 Referral

Pursuant to Council Rule 38, this draft ordinance has been presented to the Board of Water and Power Commissioners.

If you have any questions regarding this matter, please contact Deputy City Attorney Syndi Driscoll at (213) 367-4363. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



MICHAEL J. DUNDAS
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MJD:SD:rb
Transmittal