



RESOLUTION NO. 023 116

BOARD LETTER APPROVAL

NANCY H. SUTLEY

Senior Assistant General Manager -
External and Regulatory Affairs and
Chief Sustainability Officer

ANSELMO G. COLLINS

Senior Assistant General Manager -
Water System

MARTIN L. ADAMS

General Manager and Chief Engineer

DATE: December 12, 2022

SUBJECT: License Agreement with 59TC 8me, LLC, 50LW 8me, LLC, 26SB 8me, LLC, and 51LV 8me, LLC for an Overhead Transmission Line Crossing Over Los Angeles Department of Water and Power's First and Second Los Angeles Aqueducts in Kern County, California
LADWP File No. W-101974

SUMMARY

LADWP is requesting approval of a long-term License Agreement (Agreement) with 59TC 8me, LLC, 50LW 8me, LLC, 26SB 8me, LLC, and 51LV 8me, LLC (collectively, Licensee). The Agreement is for a term of 20 years and will permit Licensee to construct, operate, and maintain one single-circuit 230-kV overhead transmission line crossing and appurtenances thereto over the LADWP's First and Second Los Angeles Aqueducts (Aqueducts) located south of Oak Creek Road, Mojave, California.

Los Angeles City Council approval is required pursuant to Charter Section 606.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of the Agreement, in accordance with Charter Section 606.

ALTERNATIVES CONSIDERED

The alternative would be to not enter into the Agreement with the Licensee. Denying the request for the Agreement would require the Licensee to find another location at which to cross and complete their overhead transmission line. This would not be feasible as the Aqueducts bisect the entire area. If unable to cross the Aqueducts, Licensee would not be able to deliver the electricity generated by their Solar Project.

FINANCIAL INFORMATION

The term of the proposed Agreement is 20 years. The annual License Fee for the initial five-year term is as follows:

Year	Annual Rent
First Year (2022 - 2023)	\$15,000
Second Year (2022 - 2023)	\$15,750
Third Year (2023 - 2024)	\$16,538
Fourth Year (2024 - 2025)	\$17,366
Fifth Year (2025 - 2026)	\$18,233

The proposed Agreement will generate revenue of \$15,000 in the first year, and continue with annual license fee increases of five percent per year until year six. Thereafter, the annual License Fee will increase ten percent per annum. First year rent is based on internal fee structures developed by LADWP Real Estate Services. LADWP assesses a License Fee based on wires comprising the crossing. The license fee for the first wire is \$5,000 with each additional wire charged at \$2,500. After year five, and for all successive years thereafter, the License Fee will be adjusted upward annually providing compensation adjustments pursuant to Charter Section 607(b).

The proposed Agreement will generate a total revenue of \$495,989 over the 20-year term. Revenue generated under this Agreement will be applied to the Water System Revenue Fund.

BACKGROUND

Licensee is developing and constructing the Bellefield Solar Project (Project), an 1,150-megawatt solar energy generation and storage project. The Project includes a high voltage gen-tie that will cross the LADWP Aqueducts west of Mojave, California. The Project will benefit the California power supply, create local union jobs, reduce emissions and move the state towards its renewable energy goals.

The Project will be located approximately eight miles east of the Aqueducts. The requested crossing would enable the Licensee to connect to a Southern California

Edison Substation located two miles to the west. Without this crossing, the Licensee would not be able to deliver renewable energy generated by its Project.

The Agreement has been reviewed and approved by LADWP's Southern District Engineering Division. LADWP can terminate the Agreement if it compromises the operations and/or maintenance of the Aqueducts, or at any time without cause for any reason, or no reason at all, by giving 90 days' written notice to Licensee.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's (CAO) Report was approved on November 21, 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, the adoption of a license agreement is not an action subject to CEQA.

Implementation of the Project is subject to CEQA. In accordance with CEQA, an Environmental Impact Report (EIR) and a Mitigation Monitoring and Reporting Program (MMRP) were prepared for the Project, including the associated gen-tie line that crosses the Aqueducts. On December 14, 2021, the Kern County Board of Supervisors certified the EIR and MMRP and approved the Project.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- Agreement
- CAO Report