



**MWD**

*METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA*

7-5

September 28, 1993

*To:* Board of Directors (Engineering and Operations Committee--Action)  
*From:* General Manager  
*Subject:* Authorization for the General Manager to Enter into a  
Transmission Service Agreement for the Sale of Power  
from Etiwanda Power Plant

Report

On September 15, 1992, your Board authorized the General Manager to execute a contract (Contract) with the Pacific Gas and Electric Company (PG&E) for the sale of power from Metropolitan's Etiwanda Power Plant (Plant) which is located in Southern California Edison Company's (Edison) service area. The Plant will be interconnected with Edison's electrical system similar to Metropolitan's other hydroelectric power plants which are located in Edison's service area. The Plant, which is scheduled for operation in early 1994, will have an installed capacity of 23.9 megawatts and is estimated to generate approximately 158 million kilowatt-hours per year. According to the terms of PG&E's offer, Metropolitan would pay for transmission service within Edison's electrical system under a transmission service agreement which PG&E would arrange with Edison. Metropolitan's evaluation of PG&E's price offer included charges of \$498,000 per year to Metropolitan for such transmission service.

During development of the Contract with PG&E, it became apparent that in order to adequately protect Metropolitan's interest and facilitate the administration of the Contract, Metropolitan should also become a party to the transmission service agreement (Agreement) with Edison and PG&E. Such Agreement would permit PG&E to receive, through Edison's transmission facilities, power from the Plant at Vincent where PG&E would exchange such power with the Department of Water Resources (DWR) with an equivalent amount from DWR's Northern California resources through a separate power exchange agreement between PG&E and DWR.

Under the proposed agreement the charges for transmission service provided by Edison would be in accord

with Edison's standard practices and procedures and would initially equal the following:

Firm Transmission Service	\$772 per megawatt per month
Interruptible Transmission Service	\$1.06 per megawatt-hour
Scheduling and Dispatching Firm Transmission Service	\$43.20 per day
Interruptible Transmission Service and Return Losses	\$21.60 per day
Regulation Service	Purchase - 115 percent of Edison's Incremental Cost or Sale - 85 percent of Edison's Incremental Cost
Transmission Loss	2.73 percent

Such charges would be subject to further changes as authorized by the California Public Utilities Commission and/or the Federal Energy Regulatory Commission, as appropriate. The initial charges are collectively estimated at \$419,000 per year or the equivalent of 2.65 mills per kilowatt-hour of production from the Plant which is slightly less than the charge used in the original evaluation of PG&E's offer.

The Agreement would become effective upon execution by the three parties and the terms will continue in effect for twenty years provided that it will be coexisting with the Contract between Metropolitan and PG&E and the power exchange agreement between PG&E and DWR.

At its June 1988 Board meeting, your Board reviewed and considered the information in the Final Supplemental Environmental Impact Report that was prepared for the Etiwanda facilities projects, including the Plant, and certified that the document had been completed in compliance with the California Environmental Quality Act and State guidelines. No further environmental review or documentation is necessary for your Board to act on this request.

#### Board Committee Assignment

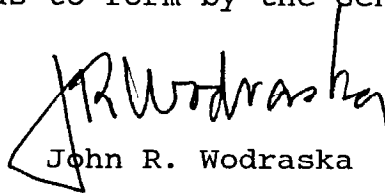
This letter is referred for action to the Engineering and Operations Committee because of its authority to study,

advise and make recommendations with regard to energy matters in general pursuant to Administrative Code Section 2431 (i).

Recommendation

**ENGINEERING AND OPERATIONS COMMITTEE FOR ACTION.**

It is recommended that the General Manager be authorized to enter into a transmission service agreement for the sale of power generated by the Etiwanda Power Plant substantially in accord with the terms outlined in this letter, subject to approval as to form by the General Counsel.



John R. Wodraska

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