

STAFF REPORT
Lancaster Power Authority

PA NB 2
09/13/11
MVB

Date: September 13, 2011

To: Chairman Parris and Power Authority Members

From: Jason Caudle, Deputy City Manager

Subject: **Reimbursement Agreement with Pittsburg Power Company to Construct an Electric Transmission Line**

Recommendation:

Approve a Reimbursement Agreement with Pittsburg Power Company (PPC), to work cooperatively to construct an electric transmission line in the Antelope Valley, in northern Los Angeles County, and southern Kern County. Authorize the Executive Director to execute all documents necessary to complete the transaction.

Fiscal Impact:

This Agreement does not obligate the Lancaster Power Authority (LPA) to financial outlay. The transmission line developer will place an initial deposit of \$50,000.00 with the LPA to reimburse the LPA/PPC for actual staff time and contracted services. The LPA will share in the revenues that may derive from transmission line operations.

Background:

On July 12, 2011, the LPA approved Confidentiality and Reimbursement Agreements with Critical Path Transmission, LLC (Critical Path), for the construction of the "Clearview Transmission Line." Given the complexity and magnitude of the project, staff approached the City of Pittsburg to partner with the City of Lancaster to assist with the process.

On July 12, 2011, the City Council approved a Joint Powers Agreement to establish the High Desert Power Authority (HDP), and authorized the City Manager to execute a Memorandum of Understanding.

Approval of the Reimbursement Agreement will allow the LPA and PPC to work cooperatively with Critical Path to create a Development Agreement for the transmission line.

Attachment:

Reimbursement Agreement