
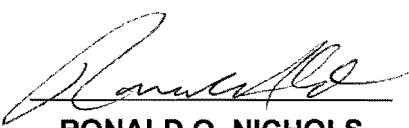
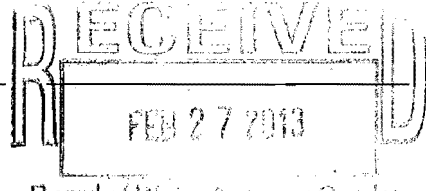


## DOCKETED

<b>Docket Number:</b>	16-RPS-02
<b>Project Title:</b>	Appeal by Los Angeles Department of Water & Power re Renewables Portfolio Standard Certification Eligibility
<b>TN #:</b>	213046
<b>Document Title:</b>	37 Kern River 2013 Agreement No. 1006 LADWP Board Letter for Reso-013-118 (Bates Nos. LA000590-LA000592)
<b>Description:</b>	N/A
<b>Filer:</b>	Pjoy Chua
<b>Organization:</b>	LADWP
<b>Submitter Role:</b>	Applicant
<b>Submission Date:</b>	8/30/2016 1:01:40 PM
<b>Docketed Date:</b>	8/30/2016

**LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER**

<b>TO: BOARD OF WATER AND POWER COMMISSIONERS</b>		<b>DATE:</b> February 21, 2013
 <b>ARAM BENYAMIN</b> Senior Assistant General Manager – Power System		<b>SUBJECT:</b>  Agreement No. BP 12-018 between the LADWP and Kern River Gas Transmission Company (Kern River) for Restatement of Firm Transportation Service (Restatement Agreement)
 <b>RONALD O. NICHOLS</b> General Manager		<b>FOR COMMISSION OFFICE USE:</b>  <b>RESOLUTION NO.</b> <u>013 188</u> <u>MAR 05 2013</u>  COPY RESO TO <i>-3-SR Acmtg</i> <i>Per System 5/12/13</i>
 Board of Water & Power Commrs. CITY OF LOS ANGELES		
<b>CITY COUNCIL APPROVAL</b> REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<b>IF YES, BY WHICH CITY</b> <b>CHARTER SECTION: 373</b>	

**PURPOSE**

Transmitted for approval by your Honorable Board is a Resolution, approved as to form and legality by the City Attorney, recommending to the Los Angeles City Council (City Council) approval of the attached Agreement No. BP 12-018 between the City of Los Angeles, acting by and through the LADWP and Kern River.

The Restatement Agreement is a restated contract replacing the LADWP's interstate natural gas transportation service agreement, Contract No. 1006, LADWP Agreement No. 10870 (Vintage Agreement) with Kern River for firm, natural gas interstate pipeline service from various locations in Wyoming into Southern California. Approval of the Restatement Agreement ensures the LADWP will retain its original priority of service date and other key active provisions from the Vintage Agreement, and will experience no disruption of service for the delivery of natural gas to its in-basin generating stations.

A related, but separate Restatement Agreement, LADWP Agreement No. BP 12-019, replacing the LADWP's Sub-agreement to the Vintage Agreement with Kern River for firm, natural gas transportation service on Kern River's natural gas expansion pipeline is being submitted separately before the Board of Water and Power Commissioners (Board) for approval.

### **COST AND DURATION**

In 2010 and 2011, the LADWP paid Kern River \$15.89 million and \$15.15 million, respectively, utilizing the Vintage Agreement for transportation services on the Kern River natural gas pipeline.

The Restatement Agreement will retain the same primary term of service ending date of September 30, 2016, with extensions unless terminated, as provided for in the Vintage Agreement.

### **BACKGROUND**

In order to supply its in-basin generating stations with a firm and reliable fuel source, the LADWP entered into a long-term Vintage Agreement with Kern River on April 2, 1990. The Vintage Agreement was a transportation service agreement (TSA) with Kern River providing the LADWP as a "shipper" with reliable, firm, natural gas interstate pipeline transportation service from various natural gas production locations in Wyoming to Southern California for a 15-year contract term beginning on March 1, 1992, and ending on February 28, 2007.

On March 6, 2001, the LADWP entered into an Extended Term Rate Amendment, LADWP Agreement No. BP 99-002B, with Kern River which amended the Vintage Agreement lowering the unit rate for natural gas transportation service that the LADWP pays and extending the primary term of the Vintage Agreement to end September 30, 2016, and including extensions unless terminated.

On December 7, 2011, as a result of extensive discussions with its shippers to resolve rate and contractual issues, Kern River filed a stipulation and agreement of settlement with the Federal Energy Regulatory Commission (FERC). In its submittal to FERC, Kern River stated that the settlement simplifies and consolidates Kern River's natural gas tariff and contracting procedures. All shippers holding TSAs with Kern River would agree to enter into new or replacement contracts (Restated Agreements). Such Restated Agreements would be in the form of a pro forma agreement with certain of the same key material terms of the shipper's original TSA in priority of service, rate, receipt and delivery point entitlements, volume and character of service provided. In addition, the Restated Agreements eliminated terms and conditions that were superseded or expired and included language that was more congruent with federal regulations.

Subsequently, on February 1, 2012, FERC approved the uncontested settlement.

Board of Water and Power Commissioners

Page 3

February 23, 2013

Los Angeles City Council Approval

Per Charter Section 373, City Council approval is required for LADWP Agreement No. BP 12-018. Accordingly, attached is the City Administrative Officer report dated January 14, 2013.

**ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that this agreement is exempt pursuant to the General Exemption described in CEQA Guidelines, Article II, Section 1, and Section 15061(b)(3) which state that, "Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA."

**RECOMMENDATION**

It is recommended that your Honorable Board adopt the attached Resolution recommending City Council's approval of LADWP Agreement No. BP 12-018 with Kern River for Restatement of Firm Transportation Service Agreement with Kern River.

RAL:fe

Attachments

e-c/att: Ronald O. Nichols  
Richard M. Brown  
Aram Benyamin  
James B. McDaniel  
Philip Leiber  
Gary Wong  
Randy S. Howard  
Rodney A. Luck