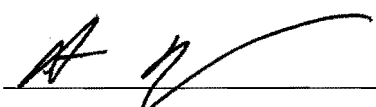
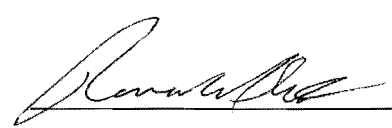
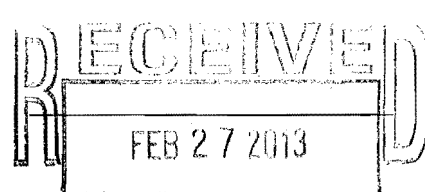


DOCKETED

Docket Number:	16-RPS-02
Project Title:	Appeal by Los Angeles Department of Water & Power re Renewables Portfolio Standard Certification Eligibility
TN #:	213051
Document Title:	42 Kern River 2013 Agreement No. 1706 LADWP Board Letter for Reso-013-193 (Bates Nos. LA000606-LA000608)
Description:	N/A
Filer:	Pjoy Chua
Organization:	LADWP
Submitter Role:	Applicant
Submission Date:	8/30/2016 1:05:58 PM
Docketed Date:	8/30/2016

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

TO: BOARD OF WATER AND POWER COMMISSIONERS		DATE: February 21, 2013
 ARAM BENYAMIN Senior Assistant General Manager – Power System		SUBJECT: Agreement No. BP 12-019 between the LADWP and Kern River Gas Transmission Company (Kern River) for Restatement of Firm Transportation Service (Restatement Agreement)
 RONALD O. NICHOLS General Manager		FOR COMMISSION OFFICE USE: RESOLUTION NO. <u>013 193</u> MAR 05 2013 COPY RESO TO <u>3-52 AGM</u> <u>Power & P 5/23/13</u>
 Board of Water & Power Com'rs. CITY OF LOS ANGELES		
CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION: 373	

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 LADWP Agreement No. BP 12-019 Restatement Agreement, between the City of Los Angeles, acting by and through the LADWP and Kern River, approved as to form and legality by the City Attorney.

The Restatement Agreement is a restated contract replacing the LADWP's Sub-agreement to the vintage interstate natural gas transportation service agreement Contract No. 1006, LADWP No. 10870 (Vintage Agreement) with Kern River for firm, natural gas interstate pipeline service on Kern River's pipeline 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 Sub-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 12-018, replacing the LADWP's Vintage Agreement for firm, natural gas transportation service on Kern River's gas 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 \$6.82 million and \$6.76 million, respectively, utilizing the Sub-agreement for transportation services on the Kern River natural gas pipeline.

The Restatement Agreement will retain the same expiration date of April 30, 2018, as provided for in the Sub-agreement with Kern River.

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. The primary term of the Vintage Agreement was extended to end September 30, 2016, by virtue of an Extended Term Rate Amendment, LADWP No. BP 99-002B, with Kern River.

On May 21, 2001, the LADWP entered into a Sub-agreement (Contract No. 1706) to the Vintage Agreement to receive increased capacity on Kern River's pipeline system. The Sub-agreement provided for expanded firm transportation service as well as an additional receipt point and delivery point for the delivery of natural gas for the LADWP for a 15-year period beginning from May 1, 2003, and ending on April 30, 2018.

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

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February 21, 2013

Los Angeles City Council Approval

Per Charter Section 373, City Council approval is required to LADWP Agreement No. BP 12-019. Accordingly, attached is the City Administrative Officer report dated February 4, 2013.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the agreement for Restatement of Firm Transportation Service Agreement is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061(b)(3) which states 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 12-019 with Kern River for Restatement of Firm Transportation Service Agreement with Kern River.

RAL:nsh

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