

## 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>	213063
<b>Document Title:</b>	54 SoCalGas 2006 Master Services Contract Agreement 47498-6 CAO Report (Bates Nos. LA000709-LA000711)
<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 1:18:18 PM
<b>Docketed Date:</b>	8/30/2016

0220-04163-0000

**TRANSMITTAL**

TO  
Ronald F. Deaton, General Manager  
Department of Water and Power

DATE

MAY 30 2006

COUNCIL FILE NO.

FROM  
The Mayor

COUNCIL DISTRICT

**Southern California Master Services Agreement  
Intrastate Transportation of Natural Gas**

Transmitted for further processing. See the  
City Administrative Officer report attached.

  
for  
MAYOR

WTF:DHH:10060358t

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 24, 2006

CAO File No. 0220-04163-0000

Council File No.

Council District:

To: The Mayor

From: William T Fujioka, City Administrative Officer *WTF by m t*

Reference: Letter from the General Manager, Department of Water and Power, dated April 5, 2006; referred for report April 27, 2006

Subject: **SOUTHERN CALIFORNIA GAS COMPANY MASTER SERVICES AGREEMENT**

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### SUMMARY

The Department of Water and Power (DWP) requests approval of a Master Services Agreement with the Southern California Gas Company (So Cal Gas) for intrastate transportation of natural gas for use at City power plants. The terms of the Master Services Agreements for the Haynes, Harbor and Valley Generating Stations are for two years (July 1, 2006 to July 1 2008) with unlimited month-to-month interruptible service thereafter. Therefore, City Council approval is required. The term for the Scattergood Generating Station is one month (July 1, 2006 to August 1, 2006) with unlimited month-to-month interruptible service thereafter. The California Public Utilities Commission (CPUC) prohibits DWP from signing a longer term Agreement for Scattergood because imported natural gas is a secondary source of fuel for the Scattergood Plant. The primary source of fuel is digester gas from the Hyperion Waste Treatment Plant.

So Cal Gas was provided a gas distribution franchise by the State of California for transport of natural gas to all natural gas users within its service territory. Execution of the proposed Master Services Agreement will allow DWP to access the So Cal Gas infrastructure and transport natural gas from the California state line to the City power plants. Disapproval will prevent DWP from providing fuel to the City power plants. This is a sole source contract and competitive bidding opportunities are not available.

Execution of the proposed Agreement will also subject DWP to the jurisdiction of the CPUC. The Agreement identifies the amount of gas to be delivered, the location of delivery and type of service provided. The Agreement itself contains no costs. However, actual transportation of natural gas does cost DWP and will vary depending upon the volume of gas transported and the amount of tariffs. The volume of gas transported will depend on the demand for power and the availability of alternative generation sources. In addition, the volume has been adjusted to reflect changes in natural gas needs due to the implementation of renewable power generation, the closure of the Mohave Generating Station in Nevada and the completion of the repowerings of the natural gas plants.

LA000710

Tariffs for the actual transportation of natural gas are separate from this Agreement and can be adjusted separately. DWP estimates that the cost of actual transportation of natural gas under this Agreement will cost \$36 million annually based upon the current tariff levels.

## **RECOMMENDATION**

That the Mayor approve the Department of Water and Power (DWP) request for approval of a Master Services Agreement (No. 47498-6) with the Southern California Gas Company (So Cal Gas) for intrastate transportation of natural gas for use at City power plants and return the request to the Department for further processing, including Council consideration.

## **FISCAL IMPACT STATEMENT**

There is no impact on the City General Fund. It is estimated that the annual cost will be \$36 million, funded by the Power Revenue Fund.

WTF:DHH:10060358