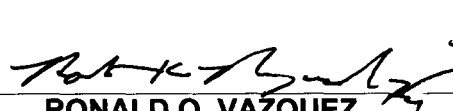
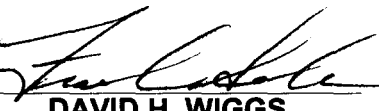
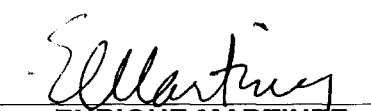


DOCKETED

Docket Number:	16-RPS-02
Project Title:	Appeal by Los Angeles Department of Water & Power re Renewables Portfolio Standard Certification Eligibility
TN #:	213073
Document Title:	64 LADWP NAESB Base Contract Template for Natural Gas Board Letter for Reso-003-285 (Bates Nos. LA000753-LA000754)
Description:	N/A
Filer:	Pjoy Chua
Organization:	LADWP
Submitter Role:	Applicant
Submission Date:	8/30/2016 1:42:01 PM
Docketed Date:	8/30/2016

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LADWP APPROVAL BOARD LETTER

TO: BOARD OF WATER AND POWER COMMISSIONERS		DATE: June 3, 2003
SUBMITTED BY: <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">  RONALD O. VAZQUEZ Chief Financial Officer </div> <div style="width: 45%;">  DAVID H. WIGGS General Manager </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%;">  ENRIQUE MARTINEZ Assistant General Manager - Power Generation </div> <div style="width: 45%; text-align: center;"> <div style="border: 2px solid black; padding: 10px; font-size: 2em; font-weight: bold; margin: 0 auto;">RECEIVED</div> <div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 80%;">MAY 27 2003</div> </div> </div> <div style="text-align: center; margin-top: 5px;"> <small>Board of Water & Power Com'rs. CITY OF LOS ANGELES</small> </div>		SUBJECT: <p style="text-align: center;">Authority for the General Manager to Enter into Contracts and/or Financial Transactions for Natural Gas</p>
BOARD COMMITTEE APPROVAL: <div style="border: 1px solid black; height: 40px; width: 100%;"></div>		FOR COMMISSION OFFICE USE: <p style="text-align: center; font-size: 1.2em;">RES. No. 003 285</p> <p style="text-align: center;">JUN 03 2003</p> <p style="font-style: italic; margin-top: 20px;">COPY RES. TO: Chief Financial Officer 3 - "Power Generation" Section</p>
CITY COUNCIL APPROVAL REQUIRED: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION:	

Transmitted herewith for your consideration is a resolution ("Resolution") approved as to form and legality by the City Attorney. The Resolution, if adopted, would authorize the General Manager of the Department of Water and Power (the "Department") to enter into contracts and financial transactions for natural gas in accordance with the Los Angeles Administrative Code ("LAAC") Section 10.5.3. The Resolution also authorizes use of the attached: (a) North American Energy Standards Board ("NAESB") Base Contract and Special Provisions for entering into transactions for the purchase of natural gas with various counterparties, (b) International Swap Dealer's Association ("ISDA") Master Agreement for entering into natural gas financial transactions with BP Corporation North America Inc. ("BP"), and (3) Custody Agreement with U.S. Bank, National Association ("US Bank") for holding collateral with respect to financial transactions for natural gas (collectively, the "Agreements").

The NAESB Agreement is in substantially final form and sets forth the payment, security, default, remedy and other terms and conditions for the purchase and delivery of natural gas. The NAESB Agreement has been approved by the City Attorney's Office as to form and legality.

The ISDA Master Agreement sets forth the terms and conditions for entering into natural gas financial transactions with BP pursuant to Section 10.5.3 of the LAAC. Under the terms of the ISDA Master Agreement, the Department irrevocably waives all rights to governmental immunities provided under California Law and all rights to trial by jury in any suit. For your information, ISDA Master Agreements are being negotiated with four additional counterparties.

The Custody Agreement with US Bank is in substantially final form and has been approved by the City Attorney's Office as to form and legality.

The Department requests that the Agreements be exempted from certain provisions set forth in Section 10 of the Los Angeles Administrative Code that pertain to the Child Support Policy, Recycled Paper, Minority and Women Business Enterprise Outreach Program, and the Service Contract Worker Retention Living Wage Policy. This exemption is being requested since the Agreements are standard industry agreements and/or potential counterparties are not willing to include the above provisions in such Agreements. For your information, the Department has put forth its best efforts to require compliance with such policies.

LAAC Section 10.5.3 provides authority, within specified parameters, for the Board to enter into contracts for the purchase and delivery of natural gas and /or financial transactions for natural gas used in the production of electricity to serve the Department's retail customers (i.e., not wholesale) for terms of up to five years.

In addition, LAAC Section 10.5.3 specifies certain requirements that must be satisfied prior to entering into contracts or financial transactions for natural gas. Most of such requirements have been satisfied by Resolution No. 003-166 that was adopted by the Board on January 21, 2003. Resolution No. 003-166 sets forth the risk management policies, controls and a program for reducing the volatility of the net amount payable for natural gas used in the production of electricity to serve the Department's retail customers; establishes an Energy Risk Management Policy Committee composed of five key management personnel; approves a five-year natural gas budget that sets forth the expenditure and volume of natural gas for each fiscal year; and authorizes the retention of an outside auditor or a comparable third party to annually audit and prepare a report relating to activities authorized under LAAC Section 10.5.3.

The Resolution, if adopted, would satisfy all of the requirements set forth in LAAC Section 10.5.3 and would provide authority for the General Manager to enter into contracts and/or financial transactions for natural gas for terms of up to five years.

Adoption of the attached resolution is recommended.

MCI

Attachments

c: Commerce, Energy, and Natural Resources Committee
David H. Wiggs
Frank Salas
Mahmud A. Chaudhry
Gerald A. Gewe
Richard M. Helgeson
Thomas C. Hokinson
Lillian Y. Kawasaki
Enrique Martinez
Pamela T. Porter
Albert A. Stephens
Cecilia K. T. Weldon
Ronald O. Vazquez