

RESOLUTION No. 017137

WHEREAS, the Department of Water and Power of the City of Los Angeles (LADWP) entered into a long-term natural gas transportation service agreement with the Kern River Gas Transmission Company (Kern River) (LADWP Agreement No. 10870) on April 2, 1990, providing LADWP with firm natural gas interstate pipeline transportation service from various points of receipt in Wyoming to points of delivery in southern California, for a 15-year term beginning on March 1, 1992, and ending on February 28, 2007, at rates approved by the Federal Energy Regulatory Commission (FERC); and

WHEREAS, on March 6, 2001, LADWP entered into an Extended Term Rate Amendment (LADWP Agreement No. BP 99-002B) with Kern River lowering the unit rate for natural gas transportation service that LADWP pays and extending the primary term of LADWP Agreement No. 10870 to end September 30, 2016; and

WHEREAS, on May 21, 2001, LADWP entered into a Sub-Agreement (LADWP Agreement No. 1706) to LADWP Agreement No. 10870 for expanded firm transportation service on Kern River's pipeline system to end April 30, 2018; and

WHEREAS, on December 7, 2011, Kern River filed a settlement with FERC that simplified and consolidated its natural gas tariff and contracting procedures with all its shippers including LADWP, and required its shippers holding transportation service agreements to agree to enter into replacement or restated agreements; and

WHEREAS, on February 1, 2012, FERC approved the settlement filed by Kern River thereby requiring LADWP to enter into a restated agreement replacing LADWP Agreement No. 1706; and

WHEREAS, on May 28, 2013, LADWP entered into the Restatement of Firm Transportation Service Agreement (Restatement Agreement) (LADWP Agreement No. BP 12-019) with Kern River to ensure it retains its original priority of service date and other key active provisions from LADWP Agreement No. 1706, and it experiences no disruption of service of the delivery of natural gas to its in-basin generating stations and the Apex Power Project; and

WHEREAS, LADWP is eligible to continue its firm transportation service uninterrupted and receive a significant decrease in rates under the new Period Two rates for 15 years, if the LADWP submits the Binding Request for Period Two Service and/or Notice of Intent Regarding Right of First Refusal (Binding Request) to Kern River on or before April 30, 2017, one year prior to the April 30, 2018 expiration date of the Restatement Agreement; and

WHEREAS, LADWP must execute the Period Two Firm Transportation Service Agreement (Period Two Agreement) with Kern River to ensure it retains its original priority of service date and other key active provisions from the Restatement Agreement, realize substantially lower rates than it currently pays under the Restatement Agreement, and experience no disruption of service for the delivery of natural gas to its gas-fired generating stations.

WHEREAS, on July 19, 2016, Kern River notified the LADWP that in order to continue receiving uninterrupted firm transportation service and receive a decrease in rates, LADWP must submit the Binding Request indicating its intentions to continue receiving transportation service on or before April 30, 2017, one year prior to the expiration of the current Restatement Agreement (April 30, 2018).

NOW, THEREFORE, BE IT RESOLVED that the Binding Request and the Period Two Agreement, LADWP Agreement No. BP 16-019, approved as to form and legality by the City Attorney and filed with the Secretary of the Board, are hereby approved, subject to approval of the City Council pursuant to Charter Section 373.

BE IT FURTHER RESOLVED that the Board recommends approval of the Binding Request and Agreement No. BP 16-019 by the City Council pursuant to Charter Section 373.

BE IT FURTHER RESOLVED that the President or Vice President, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board, are hereby authorized, empowered, and directed to execute the Binding Request and the Period Two Agreement, LADWP Agreement No. BP 16-019, for and on behalf of LADWP.

BE IT FURTHER RESOLVED that the Chief Accounting Employee is hereby authorized and directed to draw demands upon the Power Revenue Fund for payment of all obligations arising from or related to LADWP Agreement No. BP 16-019.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

JAN 17 2017

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY


Secretary

JAN 13 2017
BY 
JEAN-CLAUDE BERTET
DEPUTY CITY ATTORNEY