

WHEREAS, the Los Angeles Department of Water and Power (LADWP) purchases natural gas to be used by the LADWP in its production of electricity to serve its retail customers; and

WHEREAS, a stable supply of fuel is essential to help ensure that the LADWP can serve its retail customers during natural gas market disruptions in a cost effective manner; and

WHEREAS, Los Angeles Administrative Code (LAAC) Section 10.1.1 (b) authorizes the Board of Water and Power Commissioners (Board) to delegate authority to the General Manager to enter into contracts which are not speculative for the purchase, sale or exchange of natural gas for a period not to exceed one year in duration and up to a limit of 350 million cubic feet per day (MMCFD) not to exceed \$20 per million British thermal units (MMBtu) per transaction; and

WHEREAS, unusual weather conditions may disrupt fuel supplies causing a sudden increase in the price of natural gas exceeding \$20 per MMBtu; and

WHEREAS, per Charter Sections 240, 370, and 604 (c), the LADWP seeks authority for the purchase of short-term natural gas in excess of the specified maximum price for a period not to exceed 15 days in duration and up to a limit of 100 MMCFD per transaction when necessary to provide a reliable power supply to LADWP retail customers at the least cost, as determined by the General Manager, through certain amendments to LAAC Section 10.1.1 (b).

NOW, THEREFORE, BE IT RESOLVED that the Board hereby respectfully requests that the City Council amend Section 10.1.1(b) of the LAAC through an ordinance which authorizes the Board to delegate authority to the General Manager to enter into contracts which are not speculative for the purchase of natural gas for a period not to exceed 15 days in duration and up to a limit of 100 MMCFD per transaction that exceed \$20 per MMBtu when necessary to provide a reliable power supply to LADWP retail customers at the least cost as determined by the General Manager.

BE IT FURTHER RESOLVED that the Board hereby delegates to the General Manager the authority to enter into contracts which are not speculative for the purchase of natural gas for a period not to exceed 15 days in duration and up to a limit of 100 MMCFD per transaction that exceed \$20 per MMBtu when necessary to provide a reliable power supply to LADWP retail customers at the least cost, as determined by the General Manager, provided the City Council approves an ordinance allowing such delegation.

BE IT FURTHER RESOLVED that LADWP's Senior Assistant General Manager – Power System or a designee shall obtain the written approval (manual or electronic) of the General Manager or a designee prior to any such purchase and the General Manager or a designee shall notify (manual or electronic) within two (2) business days: the Associate Director, Infrastructure Services of the Office of the Mayor; the Chair of

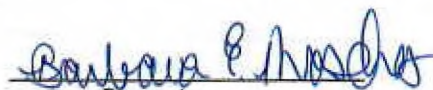
the Energy and Environment Committee of the City Council; the Chief Administrative Analyst of the City Administrative Officer; the Policy Advisor, Energy and Environment of the Chief Legislative Analyst; the Rate Payer Advocate of the Office of Public Accountability; the Commission Secretary of the Board of Water and Power Commissioners; or similar position of the aforementioned City representatives, of such purchase and, as requested, provide information concerning (1) the circumstances, to the extent known, of the natural gas market disruption that led to such purchase, and (2) the financial factors that led to the execution of the natural gas contract(s) and, to the extent calculable, the resulting effect on LADWP's Energy Cost Adjustment Factor and other financial and budget criteria.

BE IT FURTHER RESOLVED that the Board directs and approves that the existing Retail Natural Gas Risk Management Policy be amended by the LADWP in conformance with this Resolution and after the proposed ordinance amending LACC Section 10.1.1 (b) takes effect, such amendment to be approved by the General Manager provided that the City Council pass an ordinance as requested in this Resolution.


BE IT FURTHER RESOLVED that the Chief Accounting Employee of the LADWP is hereby authorized and directed to draw demands upon the Power Revenue Fund in accordance with the terms of natural gas contracts entered into in conformance with the requirements of this Resolution and any ordinance that may be approved by the City Council.

BE IT FURTHER RESOLVED that this matter is forwarded to the City Council for further action.

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 SEP 08 2015


Secretary

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

AUG 27 2015
BY 
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DEPUTY CITY ATTORNEY