



CITY OF LAKE WORTH

7 North Dixie Highway · Lake Worth, Florida 33460 · Phone: 561-586-1600 · Fax: 561-586-1750

ADDITIONS/DELETIONS/REORDER TO THE CITY COMMISSION AGENDA TUESDAY, DECEMBER 09, 2014 - 6:00 PM

6. NEW BUSINESS:

- A. Notification letter to Orlando Utilities Commission on Release of Gas Transportation contracts



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AGENDA DATE: December 9, 2014, Special Meeting

DEPARTMENT: Electric Utilities

EXECUTIVE BRIEF

TITLE:

Notification Letter to Orlando Utilities Commission on Release of Gas Transportation Contracts

SUMMARY:

Approval of the notification letter will allow the City to obtain its gas transportation contracts back from Orlando Utilities Commission (OUC) upon the expiration of the City's agreement with OUC.

BACKGROUND AND JUSTIFICATION:

Pursuant to Section 3.1(d) of the Interlocal Agreement for Purchase and Sale of Electric Energy and Capacity and Asset Management Services between the City of Lake Worth and OUC, effective February 7, 2013 (the "Agreement"), the City has the option to obtain a permanent release from OUC of the City's Gas Transportation Contracts with the Florida Gas Transmission Company. OUC took permanent release of the City's Gas Transportation Contracts upon entering the Agreement with the City. If the City exercises its option, the City will get the Gas Transportation Contracts, including all rights and responsibilities associated with those Contracts, back from OUC on the first day after the expiration of the Agreement. The expiration of the Agreement may be as early as January 1, 2017, or as late as January 1, 2019, depending on when the Agreement expires under section 4.2 of the Agreement.

The City will require the gas transportation capacity available under the Gas Transportation Contracts to serve the City's native load (i.e., the electric service requirements of the City's retail electric customers) when the Agreement expires.

Attached is a draft notification letter to be sent to OUC from the Mayor. The letter notifies OUC that the City is exercising its right to take permanent release of the Gas Transportation Contracts from OUC (effective upon the expiration of the Agreement). The City must exercise this option by January 1, 2015.

MOTION:

I move to authorize / not authorize the Mayor to execute the notification letter to OUC for the City to take permanent release of the Gas Transportation Contracts.

ATTACHMENT(S):

Fiscal Impact Analysis – not applicable



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December 9, 2014

Via Federal Express, Facsimile and Email

Orlando Utilities Commission
Attn: Vice President, E&W Production Business Unit
100 W. Anderson Street
Orlando, Florida 32801
Facsimile: (407) 275-4120
jaspuru@ouc.com

RE: Notice of Exercising Option for Permanent Release of the City of Lake Worth's Gas Transportation Contracts

Dear Vice President of E&W Production Business Unit:

Pursuant to section 3.1(d) of the Interlocal Agreement for Purchase and Sale of Electric Energy and Capacity and Asset Management Services between the City of Lake Worth and the Orlando Utilities Commission (effective February 7, 2013) (the "Agreement"), the City is exercising its option to obtain a permanent release from OUC of the City's Gas Transportation Contracts.

The City has the option under the Agreement to obtain a permanent release from OUC of the City's Gas Transportation Contracts with the Florida Gas Transmission Company. Pursuant to this option, the City will get the Gas Transportation Contracts, including all rights and responsibilities associated with those Contracts, back from OUC on the first day after the expiration of the Agreement. The Agreement may expire as early as January 1, 2017 or as late as January 1, 2019 pursuant to section 4.2 of the Agreement.

Upon the expiration of the Agreement, the City will require the gas transportation capacity under the Contracts for its generation units in order to serve the City's native load (meaning the electric service requirements of the City's retail electric customers). Accordingly, pursuant to section 3.1(d) of the Agreement, the City is exercising its option to take permanent release of the Gas Transportation Contracts from OUC pursuant to section 3.1(d) of the Agreement.

Thank you for your prompt attention to this matter. Please send the City's Electric Utilities Director, Clay Lindstrom, a written confirmation that you have received this notification and understand that the City has exercised its option to obtain the permanent release of the Gas Transportation Contracts from OUC with such release to be effective on the first day after the expiration of the Agreement.

If you have any questions, please call contact Clay Lindstrom.

Sincerely,

Pam Triolo
Mayor

cc:
Clayton Lindstrom, Utilities Director
Glen Torcivia, City Attorney
Robert Scheffel Wright, Esq.
Claston A. Sunanon, OUC Director Power Marketing, Fuels, and Contracts & Settlements