

**AGENDA**



**Recommendation for Council Action**

Austin City Council	Item ID	33744	Agenda Number	2.
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Meeting Date:	6/26/2014	Department:	Austin Energy
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**Subject**

Authorize negotiation and execution of a 36-month agreement with KINDER MORGAN TEXAS PIPELINE LLC for natural gas pipeline transportation services for an estimated amount of \$15,000,000, with one 24-month extension option for an estimated amount of an additional \$10,000,000, for a total estimated contract amount of \$25,000,000.

**Amount and Source of Funding**

Funding will be provided through Power Supply Adjustment and Fuel Adjustment Charge.

**Fiscal Note**

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
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Prior Council Action:	
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For More Information:	Jeff Vice, Director, Local Government Relations, 512-322-6087; Pat Sweeney, Director, Energy and Market Operations, 512-322-6292; Khalil Shalabi, Vice President, Market Operations & Resource Planning, 512-322-6520.
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Boards and Commission Action:	June 16, 2014 - Recommended by the Electric Utility Commission on a vote of 5-0-1 with Vice Chair Hadden abstaining.
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MBE / WBE:	
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Related Items:	
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**Additional Backup Information**

This agreement replaces an existing natural gas transportation agreement with Kinder Morgan Texas Pipeline, LLC, ("KM") and will provide Austin Energy continued natural gas transportation and storage services from KM for natural gas supply to Austin Energy's gas-powered Sand Hill Energy Center. KM is one of three pipelines connected to Sand Hill and the transportation agreement allows Austin Energy to access gas supply basins located along the extensive KM natural gas pipeline system in south Texas. The replacement agreement extends service through June 30, 2017 with a two-year extension option through June 30, 2019. Over the term of the agreement KM is expected to provide 40% of Austin Energy's requirements for natural gas transportation services.