



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2002-01

January 16, 2002

Metro Center 101 8th Street, Oakland CA 94607

WELCOME AND INTRODUCTIONS

Jeff Kolin (Chair) opened the meeting with introductions at 12:00 p.m.

Committee Representatives Present

Jeff Kolin
John Lisenko (via teleconference)
Natasha Merkuloff Nichols
Steve Sprotte
Terry Mann

Jurisdictions

City of Santa Rosa
City of Foster City
County of Napa
City of Union City
County of Contra Costa

Alternates Present

David Amenta

County of Contra Costa

Committee Representatives Absent

Alan Nadritch
Michael Garvey
Wayne Green

City of Benicia
City of San Carlos
City of Salinas

Staff Present

Eugene Leong
Jerry Lahr
Joseph Chan
Ken Moy
Vina Maharaj

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PUBLIC COMMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF NOVEMBER 14, 2001 MEETING

Motion was made by Merkuloff Nichols/S/Sprotte/C/ to approve the Summary Minutes of November 14, 2001 Executive Committee Meeting.

**STATUS REPORT ON THE SUSPENSION OF THE ELECTRIC PROGRAM**

Jerry Lahr provided the Committee with an update on the \$390,000 that Calpine owes ABAG POWER for Aug. - Dec 2001 power sales. Calpine expects to make this payment to ABAG POWER prior to the end of the month.

Lahr said final electric invoices were sent out to all members in December, 2001 and that ABAG POWER did not have an intention of sending out any more invoices. If there was any need to invoice a member, those invoices would have to be sent by ABAG POWER and not by APS Billing Solutions.

Lahr reported that APS Competitive Billing Solutions' contract with ABAG POWER ended December 31, 2001 and they are no longer providing billing agent services to the Power Pool members. ABAG POWER has received all data files from APS and has extended the availability of the APS billing web site to members for another six months until June 30, 2002.

If future billings are required to correct a prior invoice, PG&E will bill members directly for all PG&E associated costs (i.e. transmission, distribution, etc.). ABAG POWER will only rebill for the energy portion of the bill.

NCPA Letter Re: Deposits/ISO charges

Jerry Lahr provided the Committee with an update on the continuing discussions with NCPA regarding a potential liability that may result in refunds for power which ABAG POWER sold to the CalISO from 10/02/00 through 6/20/01.

NCPA's letter dated December 14, 2001 to ABAG POWER states that due to the ongoing litigation at the Federal Energy Regulatory Commission concerning refund obligations in the California market, they are in an unfortunate position of having to wait until regulators decided what the final bill will be for the transactions they entered into on behalf of ABAG POWER. NCPA further states that they are willing to consider appropriate modifications to the Scheduling Coordinator Services Agreement to reflect the suspension in operations of the ABAG power electric pool. They have provided three alternatives in their letter. Lahr said ABAG POWER has a meeting set up with NCPA next week to discuss these alternatives further.

Lahr said that FERC hearings on the refund cases are expected to begin in mid-March and the FERC administrative law judge must forward his final recommendation on the case to the commission board by August, 2002. Lahr said due to the time this process will take, these funds will not be available for distribution to members during the current true-up process.

**Letter from Arter & Hadden, Re: PG&E Bankruptcy**

Jerry Lahr presented a copy of a letter dated January 7, 2002, received from the attorney who is representing ABAG POWER in the PG&E Bankruptcy case.

Key Moy said that PG&E had submitted its proposed first amended disclosure statement and proposed first amended reorganization plan. The Bankruptcy Court has announced that, before going into many of the issues that will have to be addressed, it will consider the most basic objection to the plan, PG&E's effort to avoid many of the regulatory requirements of the California Public Utilities Commission. The Bankruptcy Court has scheduled a hearing on January 25, 2002 to consider these objections. Moy said that PG&E says in its Disclosure Statement that it intends to object to all of the ESP Claims.

Update on the ABAG POWER's True-Up Process

Joseph Chan provided an update on the current true-up process. Chan said ABAG's Accounting Department had taken over the cash receivable function from APS after their services were terminated. Chan said they are in the process of closing books up through December 31, 2001 and are reconciling all assets and liabilities. After this process has been completed, a decision will be made as to how much cash can be distributed to members at this point as per the Cash Distribution Procedures.

UPDATE ON ENERGY EFFICIENCY PROPOSALS/PROGRAMS

Jerry Lahr said ABAG POWER is waiting to hear the CPUC decision on the Energy Efficiency Proposal. ABAG POWER had previously submitted a proposal to CPUC, requesting that the commission fund a \$1.9 million program to offer local governments to participate in the Governor's electricity use reduction program. This program would provide outreach and technical assistance to 40-50 local government agencies over a two-year period. ABAG POWER redid the proposal adding more specific format requirements by the CPUC and submitted to them a week prior to the deadline date of January 15, 2002.

STATUS REPORT ON NATURAL GAS PROGRAM

Jerry Lahr presented the Committee with a complete review of the Natural Gas Program. The review outlined opportunities, challenges, advantages, disadvantages, goals and recommendations of running a gas aggregation program after the current contract period ends June 30, 2002.

Lahr said that out of the 47 member jurisdictions in the Gas Program, he had received one formal and one informal notification from members who are planning to opt-out of the program.



Lahr said that ABAG POWER had received a notification from PG&E that requires ABAG to either complete the EDI billing process or switch to Dual Billing by April 1st. ABAG POWER has been doing Consolidated Billing and had not considered completing the EDI billing format due to the start up expenses it entails. Lahr said that at this time, it seems that the most probable way would be to switch to dual billing from April 1 and go through to June 30, 2002. At that time, the members would have to factor in the costs of the EDI billing format as part of the costs if the program were to continue after June 30, 2002.

After a lengthy discussion of the ABAG POWER Natural Gas Program, the executive committee recommended that Jerry Lahr contact the larger members of the ABAG POWER Pool and research what their preferences would be in terms of a structure for the next Gas Purchasing contract. Lahr was requested to present the outcome of the research in a draft form at the next executive committee meeting and the committee would review, comment and take final action as needed at that time.

ADJOURN

The meeting adjourned at 1:35 p.m.

Next Executive Committee Meeting is scheduled for February 20 (12 p.m. – 2 p.m.), Metro Center, 101 8th Street, First Floor, Oakland, CA 94607.

/vm