



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2004-01

February 18, 2004

Metro Center 101 8th Street, Oakland CA 94607

WELCOME AND INTRODUCTIONS

Chairman Richard Averett opened the meeting with introductions at 12:10 p.m.

Committee Representatives & Alternates Present

Richard Averett, Chairman
Jeff Kolin (via teleconference)
John Lisenko
Terry Mann
Dave Millican, Vice-Chairman
Steve Sprotte
Rob Sousa
Vicki Swank

Jurisdictions

City of San Carlos
City of Santa Rosa
City of Foster City
County of Contra Costa
City of Fremont
City of Union City
City of Benicia
County of Santa Clara

Committee Representatives Absent

Mary Hill

City of Vallejo

Staff Present

Joe Chan
Henry Gardner
Jerry Lahr
Eugene Leong
Vina Maharaj
Ken Moy

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PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF DECEMBER 17, 2003 MEETING

Motion was made by Sousa/S/Mann/C/6:0:0 to approve the Summary Minutes of December 17, 2003 Executive Committee Meeting.



STATUS REPORT ON NATURAL GAS PROGRAM

Summary of Operations Report

Jerry Lahr presented the Executive Committee with Versions 1 and 2 of the monthly Summary of Operations report for the Natural Gas Program. Lahr discussed the various difficulties associated with providing an apples-to-apples comparison, however, it was generally agreed that Version 1, which lists actual costs versus estimates, was a better comparison. Members requested staff to show on the report a cumulative difference based on the actual usage between PG&E rate and the ABAG POWER rate.

Gas Program Audit

Lahr said that Interstate Gas Services, the pool's current gas scheduler had recently performed a Gas Program Audit for FY 2002-2003. The Audit was performed to rectify two issues, one; to make sure that the program's actual gas received matched with corresponding payments and two; to resolve an issue with Occidental Energy regarding a long-term gas contract. Interstate Gas Services has discovered a period when ABAG POWER paid approximately \$30,000 for natural gas that it did not receive. The information was submitted to Occidental Energy for resolution.

El Paso "Turn-back" Capacity

Lahr provided an update on the El Paso "Turn-back" Capacity issue. Lahr said that CPUC determined that the core aggregation customers (such as ABAG POWER) should not have to pay for this capacity going forward, and in addition are entitled to a refund, along the same terms and conditions as the noncore customers of PG&E. He said this would be an annual savings of approximately \$50,000 for ABAG POWER members. In addition, the CPUC agreed that the El Paso and Transwestern capacity should be made available to core aggregation customers in the future.

Gas Aggregation Contract Renewal

Lahr provided and discussed staff report on Gas Aggregation Contract Renewal. He presented the members with several options on how to resolve the constraints placed on the program as a result of the current contract renewal date with members. There was a long discussion regarding how to allow for the greatest amount of program and pricing stability while minimizing actions that might alienate members from feeling locked into a contract without much possibility of opting out.

Motion was made by Sprotte/S/Millican/C/7:0:1 to direct staff, as follows:

- To explore and develop the Rolling Evergreen option;
- To revise the terms of the Gas Aggregation Agreement as necessary;
- To explore extended notification deadline such as 60–90 days advance notice prior to July 1st;
- To outline ways of reporting effectiveness of this strategy for example, providing a financial model to the Executive Committee

ELECTRIC PROGRAM WIND-UP

Lahr presented the members with a report and an attachment from ABAG's Legal Counsel regarding Wind-Up Fund Allocation, a Balance Sheet and the Electric Program Financial Breakdown.



Ken Moy provided the members with a background and a step-by-step analysis and description of the wind-up allocation (refer to Ken Moy's memo dated February 12, 2004, re: Wind Up – Fund Allocation).

Motion was made by Mann/S/Lisenko/C/8:0:0 to accept staff recommendation as follows:

- Authorize distribution of the amount by which the PG&E settlement exceeds DA credits (i.e. excess interest payments) per the CTC Reversal ratio.

Motion was made by Lisenko/S/Mann/C/8:0:0 as follows:

- To authorize ABAG POWER to retain of \$100,000 to be used for transaction costs
 - a) if a contingent risk comes to pass
 - b) to pursue the return of funds held by NCPA, and/or
 - c) for clean up activities
- Unexpected funds will be returned to members no later than 2010
- Funds to be retained by ABAG POWER in a segregated account accruing interest; stated as “restricted net assets” with ongoing oversight by the Executive Committee and an annual reporting to the Electric Pool members.

ABAG POWER FINANCIAL REPORT

Joseph Chan presented the 2003 Audited Financial Statements.

Motion was made by Millican/S/Mann/C/7:0:0 to approve the 2003 Audited Financial Statements as presented with a request for ABAG's Finance Director to include an audit of the wind-up fund distribution in the upcoming Audit Report.

Revised ABAG POWER Operating Budget for FY 2004

Lahr presented the Revised ABAG POWER Operating Budget for FY 2004. He said that there was a significant increase in the ABAG fees due to internal legal expense charges which was accrued for wrapping up the electric program. These charges will exceed the budget and the additional expenditure will be expensed to the electric program balancing account. Other modifications to the budget include incorporation of the effects from the recently approved Local Government Energy Partnership program. There was a general consensus of the members to allow staff to continue operating as per the revised budget until its approval at the next meeting.

FUTURE ROLES FOR ABAG POWER

There was a general consensus amongst the members that the discussion of this agenda item would require more time than is normally available on the regular Executive Committee Meeting agendas. It was agreed to schedule this agenda item for a future special session.

Suggestions were made to restructure future agendas by allocating time to agenda items.



ADJOURNMENT

Chairman Averett adjourned the meeting at 2:10 p.m.

/vm

*Example of a motion – [*Member No. 1/S/Member No. 2/roll call vote/C/8:0:0*] means Member No.1 motions, seconded by Member No.2, after roll call vote, motion carries, 8 = “yes” votes, 0 = “no” votes and 0 = abstentions.