



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2003-01

February 19, 2003

Metro Center 101 8th Street, Oakland CA 94607

WELCOME AND INTRODUCTIONS

Chairman Jeff Kolin opened the meeting with introductions at 12:05 p.m.

Committee Representatives & Alternates Present

David Amenta
Richard Averett
Wayne Green (via teleconference)
Jeff Kolin
John Lisenko
Dave Millican
John Schofield
Steve Sprotte
Karen Stein

Jurisdictions

County of Contra Costa
City of San Carlos
City of Salinas
City of Santa Rosa
City of Foster City
City of Fremont
City of Richmond
City of Union City
Town of Moraga

Committee Representatives Absent

Alan Nadritch
Terry Mann

City of Benicia
County of Contra Costa

Staff Present

Eugene Y. Leong
Joseph Chan
Jerry Lahr
Vina Maharaj
Ken Moy

ABAG
ABAG
ABAG POWER
ABAG POWER
ABAG

PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF DECEMBER 11, 2002 MEETING

Motion was made by Stein/S/Lisenko/C/8:0:0 to approve the Summary Minutes of December 11, 2002 Executive Committee Meeting.

APPROVAL OF AUDITED FINANCIAL REPORTS FOR FISCAL YEAR ENDING JUNE 30, 2002 AND 2001

Joseph Chan presented the members with Audited Financial Reports for years ended June 30, 2002 and 2001.



Motion was made by Sprotte/S/Averett/C/8:0:0 to approve the Audited Financial Reports as presented.

Dave Millican joined the meeting at this point.

ELECTRIC PROGRAM SEMI-ANNUAL REVIEW

Jerry Lahr discussed some recent California energy industry news and updated members on ABAG's efforts for a Regional Energy office.

Lahr presented the members with the Electric Program Winter 2003 review and December 2002 Financial Statements. He said ABAG POWER's intent was to continue these reviews on a six-month basis in consultation with the Executive Committee until such time when all issues are resolved and all accounts closed.

Lahr made a recommendation to the Executive Committee that ABAG POWER defer the distribution of funds to ABAG POWER members at this time, and instead retain funds for possible use in resolving the following outstanding issues.

- PX/ISO Deposits – the PX deposits are currently being held as a result of the PX bankruptcy proceedings, and will likely not be resolved until the FERC hearings are completed.
- Potential Liabilities – ABAG POWER's potential liabilities to energy providers and distribution companies will likely not be resolved until the PG&E bankruptcy is completed or a settlement on the PX credits is finalized.
- PG&E Bankruptcy/PX Credit Complaint – The PG&E bankruptcy proceedings continue to delay the recovery of the PX/CTC credits that PG&E owes to ABAG POWER.

Motion was made by Schofield/S/Stein/C/8:0:1, as follows:

- To accept the Electric Program review and recommendation by the Program Manger, which is to provide all ABAG POWER Electric members with a report of ABAG POWER's intention to not release any funds at this time;
- To approve the December, 2002 financial statements as presented.

Richard Averett left the meeting at this point.

**ABAG POWER BUDGET UPDATE**

Lahr presented the Executive Committee with a report and a proposed update to the ABAG POWER Budget which was approved by the Executive Committee in July, 2002. Briefly, the changes to the budget are as follows:

- An increase in the expected price of natural gas;
- An increase in the billing agent costs associated with additional programming;
- An increase in ABAG fees;
- A decrease in the estimate of interest income;
- An increase in NCPA associate membership fee.

A lengthy discussion followed regarding allocation of staff time between the electric and gas programs, as well as budgeting for items beyond what is necessary strictly for management of the electric and gas pools (e.g. other energy management programs and initiatives).

Motion was made by Millican/S/Amenta/C/7:1(Lisenko):0 to approve the revised ABAG POWER Budget as presented, with a minor adjustment as follows:

- The Scheduling agent fees (NCPA membership): would remain \$2,500 and will not be increased to \$10,000.
- The Executive Committee will consider re-allocation of staff time and charges at a future meeting during preparation for next fiscal year's budget.

NCPA PROPOSAL FOR RELEASE OF ISO ESCROW FUNDS

Lahr reported that ABAG POWER had recently initiated discussions with the Northern California Power Agency (NCPA) in order to further resolve the disposition of ABAG POWER funds that NCPA holds as security against possible further obligations to the California Independent Systems Operator (ISO) and the California Power Exchange (PX).

Motion was made by Lisenko/S/Stein/C/8:0:0 to accept recommendations by the Program Manager as follows:

- ABAG POWER will not renew its membership with NCPA;
- Any properly allocated costs for legal services be offset with the funds from the ISO security deposit;
- The current liability and security arrangements remain in place and that staff negotiate an immediate release of a portion of the ISO deposit amount and a provision that allows NCPA to offset legal and other eligible expenses against the retained balance in the account.



STATUS REPORT ON NATURAL GAS PROGRAM

Jerry Lahr presented the executive committee with the monthly Summary of Operations report for the Natural Gas Program. Lahr said that ABAG POWER gas rates has compared very favorably with PG&E's rate for the past few months.

CLOSED SESSION

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]

ABAG POWER v PG&E

ABAG POWER Executive Committee members heard reports on two matters by the Legal Counsel in closed session. No action was taken.

Report by ABAG POWER Program Manager – ABAG POWER's Petition to Modify CPUC Decision 01-05-064. No action was taken.

ADJOURN

The meeting adjourned at 2:00 p.m.

/vm