



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2001-04

April 18, 2001

Metro Center 101 8th Street, Oakland CA 94607

WELCOME AND INTRODUCTIONS

Robert Fugle (Chair) opened the meeting with introductions at 12:05 p.m.

Committee Representatives Present

Ron Bosworth
Robert Fugle (Chair)
Michael Garvey
Wayne Green
John Lisenko
Terry Mann
Natasha Merkuloff Nichols
Alan Nadritch
Steve Sprotte

Jurisdictions

City of Santa Rosa
Golden Gate B.D.
City of San Carlos
City of Salinas
City of Foster City
County of Contra Costa
County of Napa
City of Benicia
City of Union City

Committee Representatives Absent

Jeff Kolin (Vice Chair)

City of Santa Rosa

Guests Present

Dodie Drotezan
Bob Field
Joseph Leung

GSA, County of Santa Clara
Golden Gate B.D.
GSA, County of Santa Clara

Staff Present

Joseph Chan
Dave Finigan
Jerry Lahr
Eugene Leong
Vina Maharaj
Kenneth Moy

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PUBLIC COMMENT

There were no public comments.



APPROVAL OF MINUTES

Motion was made by Garvey/S/Nadritch/C/ to approve the Summary Minutes of March 14, 2001 Executive Committee Meeting.

APPOINTMENT OF BOARD MEMBERS

Mark Lewis has resigned as a member of the Executive Committee and as a result, Robert Fugle, Vice Chairman, assumed the duties of Chairman of the Executive Committee.

Fugle appointed Steve Sprotte as the representative from the City of Union City replacing Mark Lewis and welcomed him to the Executive Committee. Christine Tien, the Alternate from the City of Union City has also recently resigned from the City and is no longer an alternate representing the City of Union City.

Motion was made by Garvey/S/Nadritch/C/ to appoint Jeff Kolin, representative from the City of Santa Rosa to assume the position of Vice Chairman of the Executive Committee.

REGULATORY UPDATE

Jerry Lahr presented an update of recent regulatory activities and market news. Lahr mentioned the Department of Water Resources' position on acquiring power contracts, the recently approved electric rate hike by CPUC of \$.03/kWh for PG&E and SCE customers and the increase of \$.01/kWh previously approved in January which had now become permanent. Lahr said that Governor Davis had indicated he would support allowing private companies to contract directly with power generators.

STATUS REPORT ON NATURAL GAS PROGRAM

Dave Finigan presented an update on the Natural Gas Program and said that ABAG POWER was running 4% below PG&E in savings for this fiscal program year. He said that the Program had a great year last year having saved 11% for members and this year it hopes to break even by the end of the year.

STATUS REPORT ON ELECTRIC AND RENEWABLE ENERGY PROGRAMS

Jerry Lahr updated the members with the volume and amount of electric purchases for the month and said that he is working on a new method of showing saving comparisons.

Lahr said that ABAG POWER members continue to take advantage of the Renewable Energy Credit Program and pointed to the higher rebate totals for the month of January, 2001. Lahr mentioned that ABAG POWER had received a rebate check for approximately \$292,000 from the California Energy Commission and will start the process of rebating the monies back to members for the July to December, 2000 period.



Lahr updated the members on the Load Reduction Program which was presented at a prior meeting by Joe Desmond of Infotility. Lahr said the program is now being implemented and he encouraged members' participation in the program. He said ABAG POWER had given out contact information of its members to Infotility, specifically members with interval meters.

Ken Moy presented an update of the legal proceedings to recover the accumulated CTC credits from PG&E. Moy said that ABAG POWER's PUC filing was in the Discovery phase when PG&E filed for bankruptcy. As a result of the bankruptcy filing, the CPUC complaint has been stayed. ABAG POWER has retained the firm of Arter & Hadden to represent ABAG POWER in the bankruptcy proceedings and to monitor CPUC proceedings.

PROGRAM OPTIONS

At the direction of the Executive Committee at its February and March meetings, ABAG POWER staff had reviewed the financial impact and other ramifications of the re-sell option and fully explored the potential of securing a long-term contract for electric power. Lahr said that the existing ABAG POWER Electric Program needs to be either abandoned or revised to allow for longer-term power purchasing as the program cannot continue to function as currently structured.

Lahr presented four options to the members and requested them to consider the most desirable future option for the electric program to be implemented in the near future. He said that ABAG POWER staff highly recommend that the Committee approve entering into a long-term contract for electric energy and extend the current agreement an additional four to five years so as to bring price stability to members at a very competitive rate and protect members from potentially risky price increases.

A lengthy discussion followed. Several viewpoints were expressed in favor of the long-term contract, as follows:

- The long-term goal of the Pool is to build a platform that could be used to extend services to tax payers, bring benefits to home owners and create grants for people to reduce usage;
- By entering into the long-term contract it would provide an opportunity to stabilize through this period of uncertainty;
- Retaining the Direct Access program would allow members to continue to take advantage of the renewable energy credits, as well as provide the opportunity to maintain the status of a "green" energy provider.

Arguments supporting the re-sell option were as follows:

- The sale of the Calpine contract if done expeditiously would bring significant revenue of approximately \$17.8 million dollars to the Electric Program;



- The re-sell option would eliminate any risk that might exist from the rates of a multi-year fixed price contract becoming higher than the new default provider rate or future market-based rates

Motion was made by Nadritch/S/Mann/C/with one opposition/ to proceed with the multi-year contract option.

ABAG POWER Staff was asked to provide the committee with a complete analysis and comparison between the multi-year contract option and the re-sell option, and a review of the risks involved, for presentation to the Board. Staff was asked to provide this comparison via e-mail to the Executive Committee no later than May 1st, which would then be followed by a special teleconference meeting.

The members decided to keep May 14th, 2001 for the meeting of the ABAG POWER Board of Directors.

ADJOURN

The meeting adjourned at 2:15 p.m.

Next Executive Committee Meeting is scheduled for May 14, 2001 (12:00 p.m. – 2 p.m.), Metro Center, 101 8th Street, First Floor, Oakland CA 94607.

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