



# SUMMARY MINUTES

ABAG Power Executive Committee Meeting 99-05  
May 19, 1999

Metro Center 101 8<sup>th</sup> Street, Oakland CA 94607

## 1. WELCOME AND INTRODUCTIONS

Ken Blackman opened the meeting with introductions at 12:20 p.m.

### Committee Representatives

Ken Blackman  
Kathy Brown  
Mike Garvey  
John de Russy  
Eugene Leong  
Christine Cleary  
David Finigan  
Ken Moy  
Joseph Chan  
Kathy Mendoza  
Dan Eeds

### Jurisdictions

City of Santa Rosa  
County of Contra Costa  
City of San Carlos  
City of San Mateo  
ABAG  
ABAG  
ABAG  
ABAG  
ABAG  
ABAG  
ABAG

### Committee Representatives Absent

Alan Nadritch  
Wayne Green  
Cheryl Jackson  
Ross Hubbard

City of Benicia  
City of Salinas  
City of Milpitas  
Town of Moraga

## 2. PUBLIC COMMENT

There was no public comment.

## 3. APPROVAL OF MINUTES

Approval of the April 21, 1999 minutes was postponed until the June 23, 1999 Executive Committee meeting since there was not a quorum.

## 4. REVIEW OF MAY ELECTRIC ENERGY PURCHASE AND MEMBERSHIP OPTIONS WITH NCPA

Dave Finigan reviewed May's electric energy purchase. Enron submitted the best proposal with a \$0.17 discount to the PX rate for on-peak block purchase. Savings in previous months were at a \$0.12 discount. As we approach the third quarter (the summer months of July through September), PX rates are generally more volatile, thereby increasing the risks of purchasing electricity at an indexed price. Staff is reviewing all options to secure more stable, reliable and cheaper power for the third quarter and longer term.

Staff reviewed membership options with Northern California Power Agency (NCPA). NCPA is a Joint Powers Agency (JPA) that assists members in the purchase, aggregation, scheduling and management of electrical energy. Full membership is generally offered to municipalities, electric cooperatives, and special districts with power generators for a significant cost to fund the operations of NCPA. Associate membership (with fee of \$2,500) is also available for customized services that maximize benefits while minimizing risks of electric restructuring opportunities. Staff recommends joining NCPA as an associate member to strengthen the existing relationship between ABAG POWER and NCPA and to benefit from NCPA's resources and expertise. Approval of membership was postponed until the June 23, 1999 Executive Committee meeting since there was not a quorum.



**5. REVIEW OF NATURAL GAS PROGRAM**

Dave Finigan gave a status report of the natural gas program. For the first nine months of the 1998-99 program year (July 1, 1998 – March 31, 1999), the program experienced savings with storage credits of approximately \$146,000, which represents a total savings of about 5%. This compares to the previous savings of 2% for 1997-98 and 7% for 1996-97. Agencies that use a higher proportion of their gas in the wintertime, when the program's gas rates were lower than PG&E's, experience higher savings than those agencies who have a larger gas usage in the summertime when our rates are not as competitive as PG&E's. Members will receive their individual savings report by the end of May.

We anticipate future savings to be 5% or less because of PG&E's increasing competitiveness in the natural gas market. Staff has explored various options to further improve future savings and recommends members continue their participation by amending the Natural Gas Sales and Aggregation Agreement between agencies and ABAG POWER for a three-year time period. This will enable ABAG POWER to maximize program savings by providing increased flexibility in securing and modifying our gas supply contracts in response to changing market conditions.

Each program participant has until June 15, 1999 to submit written notice to ABAG POWER stating its intent to withdraw from the program effective June 30, 1999. Members wishing to extend their aggregation agreement for the three-year time period will be sent a report with the necessary amendments to this agreement to incorporate this change after the June 15 deadline.

**6. APPROVAL OF FINANCIAL REPORT FOR 1998 POWER POOL REVENUE AND EXPENDITURES**

Joseph Chan reviewed the financial statements for the 1998 program year ending December 31, 1998. For the electric program, approximately \$14.4 million in revenue was generated for the first nine months, while \$15.2 million in expenses was incurred. The cash flow problem was addressed in January 1999 and the implementation of an increase in levelized payments has improved the financial position of the electric program.

Staff also recommended eliminating the \$0.0006 per kWh combined fees formula established at the beginning of the electric program since the delayed initiation of the program had an impact on the generation of sufficient revenue to fund these costs.

Approval of the financial report and elimination of the \$0.0006 per kWh combined fees formula were postponed until the June 23, 1999 Executive Committee meeting.

**7. STATUS REPORTS OF CELLNET METER INSTALLATION, BILLING AND PAST DUE ACCOUNTS**

Dave Finigan reported that CellNet meter installation is progressing. To date, 184 meters have been installed and 33 meters are scheduled to be installed over the next 45 days. Ten new orders have been requested.

Christine Cleary reported that the Billing Subcommittee met on May 1 to discuss the true-up report, scheduled to be invoiced around July 10. The format and data presented on the report is based on the final true-up sent to those members that opted out of the program. The Subcommittee recommended four sections to the report: a true-up of actual charges and levelized payments, payments received, deposits made, and meter reading fees incurred. The time period of the report will be from April 1998 through June 1999, which will allow Arizona Public Service, our billing agent, to verify all meter data and ensure accurate billing.

Christine Cleary also reported that the amount from past due accounts from members has increased from \$260,000 in April to \$1.9 million in May. The two main reasons for this increase are the past due report from APS included a two-month period, instead of a typical one-month period and the time period between the April and May invoices was shortened by two weeks, thereby giving members less time to remit payment. Staff identified recurring and new



accounts with past due balances. Executive Committee members volunteered to contact delinquent members. Staff will continue to monitor past due accounts and work with members to keep their accounts current.

Opt-out members owe approximately \$463,000. Staff will work with these former members on resolving any issues and obtaining the balance due.

Finally, Christine reported on the problems experienced under the levelized payment system. Although the system was meant to be simple, it has lead to confusion between levelized payments and actual energy used and difficulty in reconciling the two systems. Members, APS, and ABAG POWER staff have spent an excessive amount of time in resolving issues related to the levelized payment system. In order to simplify the bill, which staff believes will directly impact members prompt payment of the bill, staff recommends replacing the levelized payment system with an actual payment system. Members will pay for the electricity they actually used during the service period. Invoices will be straightforward, and members' budgeting and accounting will be simplified since no reconciliation will be necessary. Approval of the implementation of an actual payment system was postponed until the June 23, 1999 Executive Committee meeting.

## 8. ADJOURN

The meeting was adjourned at 1:51 p.m.