



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2003-03

June 18, 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

Richard Averett
 Jeff Kolin (via teleconference)
 John Lisenko
 Terry Mann
 Dave Millican
 John Schofield
 Steve Sprotte
 Karen Stein (via teleconference)

Jurisdictions

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

Committee Representatives Absent

Wayne Green
 Alan Nadritch

City of Salinas
 City of Benicia

Guests Present

Karl Zabel

HARD

Staff Present

Joseph Chan
 Henry Gardner
 Jerry Lahr
 Vina Maharaj
 Ken Moy

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PUBLIC COMMENTS/ANNOUNCEMENTS

Karl Zabel, member from the Hayward Area Recreation District (HARD) was present.

Jerry Lahr announced that ABAG POWER Executive Committee member, Alan Nadritch, was retiring from the City of Benicia as of June 30, 2003 and therefore, will no longer be a member of the ABAG POWER Executive Committee effective July 1, 2003.

**APPROVAL OF SUMMARY MINUTES OF APRIL 16, 2003 MEETING**

Motion was made by Averett/S/Millican/roll call vote/C/8:0:0 to approve the Summary Minutes of April 16, 2003 Executive Committee Meeting.

REPORT ON COMMUNITY CHOICE AGGREGATION

Jerry Lahr provided an overview of AB 117 as follows:

- AB 117 allows communities to aggregate their municipal electric load with the load of industrial, commercial and residential customers within their municipal boundaries.
- Defines Community Aggregator and includes all customers who do not “opt out.”
- AB 117 allows communities to become Administrators of Public Goods Charge funds.

Lahr said that the CPUC is just getting started with the regulatory processes of AB 117 and has yet to set up a deadline date for its full implementation. However, the legislation has set a deadline date of July 15, 2003 for CPUC to come up with procedures for the portion of the bill that talks about administration of public goods charge funds.

Lahr mentioned that there is a loose coalition of cities who have come together as a group calling themselves “Cities for Community Aggregation” who are collaborating with manpower and legal resources to file comments with the Public Utilities Commission, and disseminate general information.

Lahr said he intends to remain involved in the AB 117 implementation process.

STATUS REPORT ON NATURAL GAS PROGRAM

Lahr provided the members with an article from “The Wall Street Journal”, dated June 10, 2003, titled “Greenspan Doesn’t See Gas Prices Falling Soon.” He said it was interesting to note that Federal Reserve Chairman Alan Greenspan deemed it important enough to comment on natural gas pricing at this time.

Lahr provided information from Shell Trading, parent company of Coral Energy. He said ABAG POWER is considering purchasing some gas through them in the near future.

Jerry Lahr presented the Executive Committee with the monthly Summary of Operations report for the Natural Gas Program. He noted that ABAG POWER’s gas supplier made an error of purchasing 20,000 extra decatherms of gas at the end of April. However, this proved beneficial as prices continued to rise in June. So, instead of purchasing at the higher price, ABAG POWER decided to purchase the extra 20,000 decatherms at the lower price and place it in storage.

Chairman Kolin suggested Jerry Lahr to provide the members with a year-long comparison of ABAG POWER costs versus PG&E’s costs on the Natural Gas Monthly of Operations Report.

**GAS MANAGEMENT RECOMMENDATION**

Jerry Lahr provided the members with some background on ABAG POWER's gas management services. He said the gas manager schedules gas supplies, monitors gas usage, balances and reconciles gas orders/deliveries, coordinates with PG&E on required supply modifications, arranges for injection and withdrawal from storage and assists in designing gas purchasing strategies.

Lahr said that in April, 2003, ABAG POWER issued a RFP for Gas Management Services and received five proposals in response. Out of the three respondents interviewed, ABAG POWER recommends that the Executive Committee authorize a contract with IGS (Interstate Gas Services, Inc.) to provide Natural Gas Management Services for a two-year period ending June 30, 2005. He said that contracting with an independent services contractor will provide the most long-term value to ABAG POWER members by allowing the program more flexibility to obtain cost-competitive gas.

Motion was made by Sprotte/S/Mann/roll call vote/C/7:0:1 to accept ABAG POWER recommendation to contract with IGS for gas management services effective July 3, 2003.

ELECTRIC PROGRAM UPDATE

Lahr provided the members with an update of ABAG POWER's discussions with the Northern California Power Agency (NCPA) in order to further resolve the disposition of ABAG POWER funds which NCPA holds as security.

Lahr said that ABAG POWER had provided NCPA with a proposed first amendment to the security agreement, asking them to return a portion of the security funds and had been waiting for a response on the final terms of the amendment. NCPA presented ABAG POWER with some further revisions to the amendment, however, the matter still remains outstanding to date. ABAG POWER is trying to push NCPA to resolve the disposition of these funds.

On another matter, ABAG POWER received an invoice from NCPA in the amount of approximately \$1,200 for ISO charges. Lahr said that while ABAG POWER hasn't paid the invoice yet and is trying to get backup material from NCPA justifying the charges, it should be noted that the ISO has the ability to go back indefinitely and re-run settlement data and invoice members for back charges.

Jeff Kolin departed the meeting at this point. Richard Averett assumed duties as acting Chair.

ABAG POWER BUDGET FOR FY 2003-04

Jerry Lahr provided the members with a proposed operating budget for the upcoming fiscal year 2003-04. Lahr provided an overview of the complete budget as well as specific explanations of costs under the Electric Program, the Gas Program and the Energy Management activities.



It was brought to the attention of the Executive Committee that there was a principle objection made by some members who are former members of the electric pool and are not current members of the gas program. These members feel that on principle the only charges that should be applied to the electric aggregation program are those that are directly attributable to the efforts of winding up the electric program. ABAG POWER received letters to this effect from the Cities of Daly City, San Mateo and Vacaville.

Executive Committee member John Lisenko said that he surveyed 29 members of ABAG POWER who consider themselves inactive members (not current members of the Gas Pool). Lisenko said that out of the 29 members, a response was received from about a half dozen members. He said that these members, who he feels, are represented by him on the board, generally do not consider themselves to be benefiting from ABAG POWER Pool membership and are only interested in recovering their money from the electric program bankruptcy claim.

A lengthy discussion followed where other Executive Committee members by and large agreed that, although many of the members not in the Gas Pool are "inactive," and do not perceive the benefits of the energy management activities, the potential advantages of staying in the ABAG POWER Pool and taking part in the energy management activities outweigh the fee proposed in the budget. Members also generally agreed it would be appropriate to reconsider the distribution of the cost for these activities.

Motion was made by Averett/S/Millican/roll call vote/C/6:1:0 to approve the ABAG POWER Operating Budget for Fiscal Year ending June 30, 2004 as presented, with the following correction:

- \$34,168 Energy Management charges to be moved from the Electric Program budget to the Gas Program budget.

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 a report on one matter by the Legal Counsel in closed session. No action was taken.

ADJOURN

The meeting adjourned 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.