

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS **Agenda Item #3**

Representing City and County Governments of the San Francisco Bay Area

Attachment A



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2006-03

June 21, 2006

Metro Center, 101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Vice-Chairman Ed Buonaccorsi opened the meeting with introductions at 12:05 p.m.

Committee Representatives Present

Ed Buonaccorsi, Vice-Chairman
Terry Mann
Jennifer Mennucci
Ron Popp

Jurisdictions

City of Santa Rosa
County of Contra Costa
Golden Gate Bridge District
City of Millbrae

Staff Absent

Steve Sprotte, Chairman

City of Union City

Other Members Present

John Cerini

City of Vallejo

Staff Present

Joseph Chan
Jerry Lahr
Vina Maharaj
Kenneth Moy

ABAG
ABAG POWER
ABAG POWER
ABAG

PUBLIC COMMENTS/ANNOUNCEMENTS

Jerry Lahr reported that Executive Committee member, Mark Akaba had retired at the end of April, 2006. Lahr acknowledged Mark Akaba's contributions to the ABAG POWER program, stating that Mark had participated in annual board meetings and was a valued member of the Executive Committee since 2004. Lahr welcomed John Cerini, Assistant Maintenance Superintendent of the City of Vallejo to the meeting.

Executive Committee member Jennifer Mennucci joined the meeting at this point.

APPROVAL OF SUMMARY MINUTES OF APRIL 19, 2006 MEETING

Motion was made by Mennucci/S/Mann/C/4:0:0 to approve the Summary Minutes of April 19, 2006 Executive Committee Meeting.

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REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations

Jerry Lahr provided members with the monthly Summary of Operations report for FY 2005-06. Lahr mentioned that natural gas prices were still historically high, however, had come down to some extent. He said that while ABAG POWER's gas rates were better than PG&E's in January by a significant margin, he did not expect that trend to continue for the next several months.

Billing Transfer Process

Lahr provided an update on the transfer of billing process from IQ Solutions to ABAG POWER. He said the process was on schedule and IQ Solutions would send out its final bill in July. ABAG POWER is currently downloading EDI data from PG&E in parallel with IQ Solutions and will process its first invoice to members starting with the August, 2006 invoice.

AOC Account Transfers

The Administrative Office of the Courts ("AOC"), a state organization, is taking over the administration of the courts from their county offices. Lahr provided the members with a list of possible accounts which will be transferred from county offices to the AOC. Staff have been in contact with AOC who have requested that three changes be made to the Core Natural Gas Aggregation Agreement in order to accommodate them so that their accounts may remain with the ABAG POWER Program.

Staff and counsel recommended that the Executive Committee authorize negotiation of the following changes to the Core Natural Gas Aggregation Agreement:

1. Excuse late payments by AOC caused by the State's failure to timely adopt a budget provided AOC agrees to provide additional working capital.
2. Add clarifying language to the defense and indemnity provision.
3. Deletion of arbitration clause with conditions.

Motion was made by Popp/S/Mann/C4:0:0 to authorize staff to go forward as per staff recommendations.

Fiscal Year 2006-07 Budget

Lahr provided the members with FY 2006-07 Operating Budget, Natural Gas Levelized Charges for FY 2006-07 and Working Capital Deposits. Lahr made the following points:

- The proposed budget includes a cost 10% over the current market futures prices for the gas which was not already locked in;
- Most members are likely to receive credits once the 2005-06 true-up is completed;
- The current Working Capital Deposits represent only 1.4 months worth of the expected monthly expenditures. Staff recommends increasing the working capital deposits by \$300,000 (in order to bring the deposits up to 1.7 months worth of expenditures). Staff also recommends that the additional working capital deposits be prorated to members over the same period as the 2005-06 true-up.

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Motion was made by Popp/S/Mann/C/4:0:0 to approve the Operating Budget and Levelized Charges as presented.

Motion was made by Popp/S/Mann/C/4:0:0 to approve working capital deposits from members in an amount equal to 1.7 months, notification to be sent during true-up.

ADOPTION OF UPDATED CONFLICT OF INTEREST CODE

Motion was made by Popp/S/Mennucci/C/4:0:0 to amend Conflict of Interest Code, adopt the Second Amended Conflict of Interest Code to the Fair Political Practices Commission for approval.

ABAG ENERGY WATCH UPDATE

Lahr provided the members with an update of the ABAG Energy Watch Program. He said staff was trying to finalize the contract at this time.

ELECTRIC PROGRAM LIABILITIES UPDATE

Lahr referred members to a memo dated June 2, 2006 which was written by ABAG Counsel and ABAG POWER Program Manager to the Signatories to Electric Program Windup Agreement summarizing with recommendations on the Electric Program Contingent Liabilities.

CLOSED SESSION

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

Vice-Chairman Buonaccorsi reported out of closed session that an update was provided by staff to the Executive Committee. No action was taken in closed session.

ADJOURNMENT

Meeting adjourned at 1:40 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