

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

Attachment 3A



SUMMARY MINUTES

**ABAG Power Executive Committee
Regular Meeting and Teleconference 2009-04**

August 19, 2009

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

WELCOME AND INTRODUCTIONS

Vice Chairwoman Jennifer Mennucci opened the meeting with introductions at 12:00 p.m.

Committee Representatives

Becky Eaton (via teleconference)
Chris Schroeder
Jennifer Mennucci, Vice-Chairwoman
Raj Pankhania (via teleconference)
Ron Popp

Jurisdictions

County of Contra Costa
City of Milpitas
Golden Gate Bridge District
City of Hercules
City of Millbrae

Members Absent

Ed Buonaccorsi
John Cerini, Chairman
Terry Mann

City of Santa Rosa
City of Vallejo
County of Contra Costa

Staff Present

Henry Gardner
Herbert Pike
Kenneth Moy
Jerry Lahr
Michelle McDaniels

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ABAG POWER
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PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF JUNE 17, 2009 MEETING

Motion was made by Schroeder/S/Popp/C/5:0:0 (unanimous roll call vote, all ayes) to approve the Summary Minutes of June 17, 2009 Executive Committee Meeting.

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 08-09 and FY 09-10

Lahr provided the members with the Monthly Summary of Operations reports for FY 2008-09 and FY 2009-10. He reported on the cumulative savings, gas inventory and the operating imbalance. He said that the cumulative savings in comparison with PG&E, has dropped down to -7.5% as of

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June, 2009 due to the decline in market-rate gas prices as compared to ABAG POWER's higher priced locked-in gas. As an example, PG&E's core procurement charge climbed as high as \$14.80/Dth in July 2008 and then fell to \$3.71 in May, 2009, while ABAG POWER's rate varied between a high of approximately \$10.00 to a low of \$5.50.

The preliminary 2008-09 True-up revealed that ABAG POWER over-collected funds by approximately \$3 million. These funds will be refunded to members starting with the November, 2009 invoices.

Last year the program collected additional funds from members for working capital deposits due to high gas prices, however, based on current gas prices there is enough working capital deposits at present and so the program is well covered, and no additional working capital is needed at this time.

Market Price Chart

Lahr provided a chart showing recent market and futures prices.

Electronic Natural Gas Billing

Lahr said the program is not ready to offer electronic billing to its members at this time. However, the program may eventually be able to offer this option of an electronic billing depending on the member interest. A recent change in the way ABAG's Accounting Department produces invoices, makes it easier to send a PDF file to the member, without having to scan the document. A recent survey to the member's billing personnel has revealed mixed responses, some in favor and others not due to a variety of reasons.

True-up Calculation of Gas Accounts

Recently members have expressed interest in having the true-up calculated on an account by account level, rather than a member by member basis as it is done presently. Lahr said that ABAG POWER has an agreement with each member, not with each account to provide them information. However, calculating true-ups on an account level may end up solving several other problems. The downside is that the effort required in setting up will be broad at first, however, may not be as labor-intensive on an ongoing basis.

ABAG POWER Long-Term gas purchases

There was a discussion on the various long-term options, pricing and timing of purchasing additional long-term gas.

ENERGY DATA PILOT UPDATE

Members watched a visual presentation of the ABAG POWER Utility Manager Online site for the City of Milpitas, which is the subject of the pilot project. Schroeder provided a report indicating that they had gained a lot of good information during the set-up of the electric accounts. He said that the Validation Reports provided to his agency by ABAG POWER has the potential to eliminate a lot of man hours that his agency currently puts into electric billing.

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DISCUSSION OF DISTRIBUTION AND USES OF GAS LITIGATION PROCEEDS

Lahr provided the members with a Gas Litigation Proceeds Allocation table, indicating that all the gas litigation proceeds had now been received by the program. He intended on sending out the checks to the gas opt-out members, by the end of August, 2009.

He pointed to the motion which had passed at the 2008 Annual Board meeting. The motion was to retain the settlement proceeds until given further direction by the Executive Committee. The Board members had discussed the costs and benefits of the proposed Energy Data System Upgrade at that time.

The pros and cons of keeping the money for ABAG POWER system upgrades were discussed. It was decided that Lahr would come back with a recommendation to the Executive Committee, before the annual board meeting.

SOLAR & ENERGY EFFICIENCY FINANCING DISTRICT

Lahr presented the members with a copy of an Executive Summary which was presented to ABAG's Executive Board on July 2, 2009. He said several advances had been made on the legislation that would enable the creation of a regional financing district and on the refinement of the potential program details. Lahr said the program intends to put a large emphasis on energy efficiency type projects in partnership with PG&E.

AGENDA FOR ANNUAL BOARD MEETING

A preliminary agenda was provided to members.

CLOSED SESSION

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]
- “California Parties” v. NCPA, et al

It was reported out of closed session that the Committee gave direction to Legal Counsel, Kenneth Moy.

ADJOURNMENT

Vice Chairwoman Mennucci adjourned the meeting at 1:30 p.m.

[Prepared by Vina Maharaj from recorded tapes of the meeting].

/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