



**ABAG POWER Executive Committee Meeting No. 2013-04**  
**August 21, 2013 (12 Noon - 2:00 p.m.)**  
**Association of Bay Area Governments**  
**101 Eighth Street, Conference Room B**  
**Oakland, CA 94607**

**AGENDA\***

1. **Welcome and Introductions**
2. **Public Comments**
3. **Approve Summary Minutes of Executive Committee Meeting**  
**Action:**  
ATTACHMENT 3A – SUMMARY MINUTES OF JUNE 19, 2013
4. **ABAG POWER Executive Committee Membership**  
Information: Chairman to announce new appointments to the Executive Committee:
  - Alan Olds, Finance Director, Housing Authority of the City of Alameda
  - Daniel Smith, Operations Services Director, City of Pleasanton
5. **Report on Natural Gas Program**  
Information: Staff will review recent gas operations, including gas purchases; the program's long-term hedge position; gas imbalances; and other miscellaneous program items.  
ATTACHMENT 5A – MONTHLY SUMMARY OF OPERATIONS FY 2012-13  
ATTACHMENT 5B – MONTHLY SUMMARY OF OPERATIONS FY 2013-14  
ATTACHMENT 5C – GAS HEDGE CHART  
ATTACHMENT 5D – MARKET PRICE CHART
6. **Closed Session**  
The following item will be discussed in closed session, pursuant to the requirements of the Ralph M. Brown Act. All reportable actions taken will be announced in open session prior to the adjournment of the meeting.
  - (a) Conference With Legal Counsel—Existing Litigation, Govt. C. Sec. 54956.9(d)  
Application of Pacific Gas & Electric Company to Set New Core Interstate Pipeline Capacity Planning Range (A.13-06-011)
7. **Natural Gas Pipeline Capacity Issues**  
Information: Staff will discuss the effects to the program of the recent stranded pipeline capacity costs.  
ATTACHMENT 7A – HISTORIC STRANDED CAPACITY COSTS  
ATTACHMENT 7B – FUTURE STRANDED CAPACITY COST ESTIMATE  
ATTACHMENT 7C – ABAG'S LETTER & A LIST OF MEMBER LETTERS TO CPUC
8. **Agenda for Annual Board Meeting**  
Information: Staff will discuss the timing and agenda for the Annual Board Meeting.  
ATTACHMENT 8A – ANNUAL BOARD MEETING PRELIMINARY AGENDA
9. **Other Business**
10. **Adjournment**

\*The Committee may take action on any item on this agenda

# 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 2013-03

June 19, 2013

Metro Center, ABAG's Conference Room B

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

### WELCOME AND INTRODUCTIONS

Chairman Richard Sealana opened the meeting with introductions at 12:10 PM.

#### Committee Representatives

Julie Bueren

Stephanie Hom

Chris Schroeder

Richard Sealana (Chair)

#### Jurisdictions

County of Contra Costa

Town of Moraga

City of Milpitas

City of Union City

#### Committee Representatives Absent

Angela Rush

City of Richmond

#### Staff Present

Jerry Lahr

ABAG POWER

Vina Maharaj

ABAG POWER

Kenneth Moy (via teleconference)

ABAG

### PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

Chairman Sealana appointed Stephanie Hom, Administrative Services Director from the Town of Moraga as a member of the Executive Committee effective June 19, 2013.

### APPROVAL OF SUMMARY MINUTES OF APRIL 17, 2013.

Motion was made by Schroeder/S/Bueren/Hom abstained/C/3:0:0 to approve the Summary Minutes of April 17, 2013 Executive Committee Meeting.

### VACANCY OF VICE-CHAIR ON ABAG POWER EXECUTIVE COMMITTEE

The position for Vice-Chair of the Executive Committee still remains vacant at this time.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

Attachment 3A



### REPORT ON NATURAL GAS PROGRAM

#### Monthly Summary of Operations FY 12-13

Lahr provided the members with the Monthly Summary of Operations report for FY 12-13. He updated the members on the percentage savings comparisons with PG&E. The fiscal year cumulative savings through the month of April, 2013 is 1.8%.

#### Gas Hedge Chart

Lahr provided information on the various current long-term gas purchases (contracts which are greater than one month in length). Currently there are three long-term gas purchases in place.

#### Market Price Chart (3-year)

Lahr provided a 3-year comparison of gas prices.

#### County of Madera

On February 6, 2013, ABAG POWER responded to a Request for Proposal by the County of Madera to provide natural gas services to various county facilities. Staff was interviewed by the County on May 6, 2013. To date, ABAG POWER has not received any response from the County with their decision.

### NATURAL GAS PROGRAM SCHEDULING SERVICES CONTRACT

Lahr reported that the Selection Committee made up of Sealana, Ryan and Lahr completed the selection process and approved the retention of DMJ Gas Marketing as the Pool's new Gas Scheduler effective July 1, 2013. A contract between ABAG POWER and DMJ was executed on May 28, 2013.

### FY2013-14 OPERATING BUDGET

Members were provided with an Operating Budget for Fiscal Year 2013-14. The "Cost of Energy Used" includes an estimate for stranded pipeline capacity cost of \$150,000.

Motion was made by Schroeder/S/Bueren/C/4:0:0 to approve the FY 2013-14 Operating Budget as presented.

### ABAG ENERGY PROGRAMS UPDATE

Lahr provided information on the status of all current ABAG Energy programs. The Better Buildings Program (BBP) ended May 31, 2013. The Electrical Vehicle (EV) Corridor Program has received an extension of grant funding through to January, 2014.

### OTHER BUSINESS

None.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

**Attachment 3A**



### **CLOSED SESSION**

Conference with Legal Counsel—Anticipated Litigation, Govt. C. Sec. 54956.9(c)  
Initiation of litigation pursuant to subdivision (c) of Section 54956.9: One Case

The Chair announced that no reportable action was taken.

### **ADJOURNMENT**

Chairman Sealana adjourned the meeting at 1:50 pm.

/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 = abstention.

## Agenda Item 5A

### ABAG POWER Natural Gas Program

FY 2012-13 Monthly Summary of Operations

	days/mo.	<u>Jul</u> 31	<u>Aug</u> 31	<u>Sep</u> 30	<u>Oct</u> 31	<u>Nov</u> 30	<u>Dec</u> 31	<u>Jan</u> 31	<u>Feb</u> 28	<u>Mar</u> 31	<u>Apr</u> 30	<u>May</u> 31	<u>Jun</u> 30	<u>Total</u>
<b>Gas Purchases<sup>(1)</sup></b>														
Purchase 1	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$4.24	\$4.24	\$4.24	\$4.24	\$4.24	\$4.24	\$4.24	\$4.24	\$4.24	\$3.68	\$3.68	\$3.68	
Purchase 2	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	
Purchase 3	Qty	24,800	24,800	24,000	24,800	15,000	24,242	24,242	21,896	23,839	23,070	23,839	23,070	277,598
	Price	\$2.50	\$2.90	\$2.57	\$2.91	\$3.96	\$3.73	\$3.43	\$3.40	\$3.41	\$3.86	\$3.95	\$4.02	
Purchase 4	Qty	2,150	7,275	13,075	15,600	23,460	28,000	37,000	23,500	17,750	19,700	16,250	6,750	210,510
	Price	\$3.11	\$2.97	\$3.39	\$3.97	\$3.54	\$3.74	\$3.65	\$3.65	\$4.01	\$4.20	\$4.17	\$3.97	
Purchase 5	Qty					2,000								2,000
	Price					\$3.87								
Total Quantity Purchased		57,950	63,075	67,075	71,400	70,460	83,242	92,242	73,396	72,589	72,770	71,089	59,820	855,108
Total Purchase Cost		\$192,289	\$217,173	\$225,581	\$257,674	\$269,816	\$318,763	\$341,687	\$271,756	\$276,157	\$283,100	\$276,805	\$230,736	\$3,161,537
Backbone Shrinkage (Dths)		(403)	(403)	(390)	(403)	(390)	(403)	(403)	(364)	(403)	(390)	(403)	(390)	
WACOG <sup>(2)</sup>		\$3.34	\$3.47	\$3.38	\$3.63	\$3.85	\$3.85	\$3.72	\$3.72	\$3.83	\$3.91	\$3.92	\$3.88	\$3.70
<b>Storage/Inventory</b>														
Total Injections/ (Withdrawals)		9,751	9,300	9,000	9,218	(1,618)	(17,500)	(15,500)	(11,675)	(17,825)	9,000	7,113	8,800	(1,936)
Total Inventory Quantity (Dths)		51,600	60,900	69,900	79,118	77,500	60,000	44,500	32,825	15,000	24,000	31,113	39,913	
Total Inventory (\$)		\$211,619	\$243,843	\$274,290	\$307,742	\$302,094	\$241,001	\$186,891	\$146,134	\$83,895	\$118,329	\$146,147	\$180,608	
Avg. Inventory Rate (\$/Dth)		\$4.10	\$4.00	\$3.92	\$3.89	\$3.90	\$4.02	\$4.20	\$4.45	\$5.59	\$4.93	\$4.70	\$4.53	
<b>Gas Program Monthly Expenses (from Financial Reports)</b>														
Cost of Energy Used <sup>(3)</sup>		\$ 178,693	\$ 203,938	\$ 214,356	\$ 243,575	\$ 290,999	\$ 399,116	\$ 414,907	\$ 331,469	\$ 358,460	\$ 277,588	\$ 278,234	\$ 225,817	\$ 3,417,152
Program Operating Expenses <sup>(4)</sup>		23,023	32,315	30,203	41,748	30,692	23,852	20,609	31,043	29,548	36,429	36,522	40,789	376,774
Subtotal		\$ 201,716	\$ 236,253	\$ 244,559	\$ 285,323	\$ 321,690	\$ 422,967	\$ 435,516	\$ 362,512	\$ 388,009	\$ 314,018	\$ 314,756	\$ 266,606	\$ 3,793,925
Rate (\$/Dth)		\$3.46	\$4.26	\$4.07	\$4.59	\$4.53	\$4.17	\$3.89	\$3.99	\$4.87	\$5.18	\$5.59	\$5.29	\$4.42
PG&E Pass-through costs <sup>(5)</sup>		141,719	168,739	146,220	153,910	213,438	255,305	463,637	267,851	304,847	214,564	160,854	175,037	2,666,120
Total ABAG POWER Cost		\$ 343,434	\$ 404,992	\$ 390,779	\$ 439,233	\$ 535,128	\$ 678,272	\$ 899,154	\$ 630,363	\$ 692,856	\$ 528,581	\$ 475,610	\$ 441,643	\$ 6,460,046
<b>Actual (metered) Gas Usage</b>														
Core <sup>(6)</sup>		48,407	45,020	48,871	52,749	62,829	91,349	102,861	81,610	73,841	55,616	50,352	44,730	758,233
Non Core		9,884	10,448	11,282	9,461	8,251	9,961	9,067	9,331	5,895	5,061	5,992	5,684	100,316
Total Program Usage		58,291	55,468	60,152	62,210	71,080	101,310	111,928	90,940	79,735	60,677	56,343	50,414	858,549
ABAG POWER Total Core Rate		\$ 6.39	\$ 8.01	\$ 7.06	\$ 7.50	\$ 7.92	\$ 6.97	\$ 8.40	\$ 7.27	\$ 8.99	\$ 9.03	\$ 8.78	\$ 9.20	
<b>PG&amp;E Rate<sup>(7)</sup></b>														
Procurement Charge <sup>(8)</sup>		4.58	4.34	3.92	4.00	4.98	4.49	4.29	4.70	4.06	4.71	5.30	4.76	
Transportation/Other Charge <sup>(9)</sup>		2.93	3.75	2.99	2.92	3.40	2.79	4.51	3.28	4.13	3.86	3.19	3.91	
Total PG&E Rate		\$ 7.51	\$ 8.09	\$ 6.91	\$ 6.91	\$ 8.38	\$ 7.28	\$ 8.80	\$ 7.98	\$ 8.19	\$ 8.57	\$ 8.49	\$ 8.67	

**ABAG POWER Natural Gas Program**

FY 2012-13 Monthly Summary of Operations

	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
<b>Rate Comparison</b>													
Monthly Rate Difference (\$/Dth)	(1.12)	(0.08)	0.15	0.59	(0.46)	(0.31)	(0.40)	(0.71)	0.81	0.47	0.29	0.53	
Monthly Savings (\$)	54,408	3,762	(7,142)	(31,083)	28,727	28,749	41,243	57,905	(59,782)	(25,913)	(14,576)	(23,780)	
Cumulative 'Savings' (\$)	54,408	58,170	51,028	19,944	48,672	77,421	118,664	176,569	116,786	90,874	76,298	52,518	
Cumulative 'Savings' (%)	15.0%	8.0%	4.8%	1.4%	2.5%	3.0%	3.4%	4.2%	2.4%	1.7%	1.3%	0.9%	
<b>Monthly Index Postings</b>													
NGI Bidweek for PG&E Citygate	\$3.00	\$3.11	\$2.90	\$3.45	\$3.89	\$4.08	\$3.72	\$3.66	\$3.72	\$4.22	\$4.25	\$4.27	
Gas Daily Avg. for PG&E Citygate	\$3.01	\$3.03	\$3.30	\$3.95	\$3.83	\$3.77	\$3.67	\$3.63	\$4.04	\$4.19	\$4.15	\$3.92	
NGI Bidweek for Malin	\$2.49	\$2.89	\$2.56	\$2.90	\$3.53	\$3.55	\$3.42	\$3.39	\$3.40	\$3.85	\$3.94	\$4.01	

Notes:

- (1) All gas quantities in Dth and rates in \$/Dth. (Does not include imbalance purchases traded to storage.)
- (2) Weighted Average Cost of Gas (WACOG) at PG&E Citygate
- (3) Includes costs to transport gas to PG&E Citygate from alternate delivery points, as well as physical storage costs.
- (4) Includes scheduling fees, billing fees, administrative costs and misc. expenses; less interest income.
- (5) PG&E charges billed to ABAG POWER via EDI process and passed through to customers. These costs do not necessarily tie directly to the actual gas usage shown above due to timing difference in reporting.
- (6) From billing data
- (7) Based on PG&E's G-NR1 rate schedule.
- (8) Includes: Procurement Charge, Capacity Charge, Brokerage Fee, Shrinkage, and Storage.
- (9) PG&E Transportation Charge; Customer Charge, and surcharge for Public Purpose Programs. Does not include Franchise Fees and City Taxes.

## Agenda Item 5B

### ABAG POWER Natural Gas Program

FY 2013-14 Monthly Summary of Operations

	days/mo.	<u>Jul</u> 31	<u>Aug</u> 31	<u>Sep</u> 30	<u>Oct</u> 31	<u>Nov</u> 30	<u>Dec</u> 31	<u>Jan</u> 31	<u>Feb</u> 28	<u>Mar</u> 31	<u>Apr</u> 30	<u>May</u> 31	<u>Jun</u> 30	<u>Total</u>
<u>Gas Purchases<sup>(1)</sup></u>														
Purchase 1	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	182,500
	Price	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	
Purchase 2	Qty	15,500	15,500	15,000	15,500	15,000	15,500	15,500	14,000	15,500				137,000
	Price	\$3.68	\$3.68	\$3.68	\$3.68	\$3.68	\$3.68	\$3.68	\$3.68	\$3.68				
Purchase 3	Qty	31,819												31,819
	Price	\$3.56												
Purchase 4	Qty	3,776												3,776
	Price	\$3.85												
Purchase 5	Qty													0
	Price													
Total Quantity Purchased		66,595	31,000	30,000	31,000	30,000	31,000	31,000	28,000	31,000	15,000	15,500	15,000	355,095
Total Purchase Cost		\$242,753	\$114,933	\$111,225	\$114,933	\$111,225	\$114,933	\$114,933	\$103,810	\$114,933	\$56,100	\$57,970	\$56,100	\$1,313,845
Backbone Shrinkage (Dths)														
WACOG <sup>(2)</sup>		\$3.65	\$3.71	\$3.71	\$3.71	\$3.71	\$3.71	\$3.71	\$3.71	\$3.71	\$3.74	\$3.74	\$3.74	\$3.70
<u>Storage/Inventory</u>														
Total Injections/ (Withdrawals)														0
Total Inventory Quantity (Dths)														
Total Inventory (\$)														
Avg. Inventory Rate (\$/Dth)														
<u>Gas Program Monthly Expenses (from Financial Reports)</u>														
Cost of Energy Used <sup>(3)</sup>														\$ -
Program Operating Expenses <sup>(4)</sup>														-
Subtotal	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate (\$/Dth)														\$0.00
PG&E Pass-through costs <sup>(5)</sup>														-
Total ABAG POWER Cost														\$ -
<u>Actual (metered) Gas Usage</u>														
Core <sup>(6)</sup>														0
Non Core		5,523												5,523
Total Program Usage		5,523	0	0	0	0	0	0	0	0	0	0	0	5,523
ABAG POWER Total Core Rate														
<u>PG&amp;E Rate<sup>(7)</sup></u>														
Procurement Charge <sup>(8)</sup>		4.46	4.33											
Transportation/Other Charge <sup>(9)</sup>														
Total PG&E Rate	\$	<u>4.46</u>	<u>4.33</u>	<u>\$ -</u>										

**ABAG POWER Natural Gas Program**

FY 2013-14 Monthly Summary of Operations

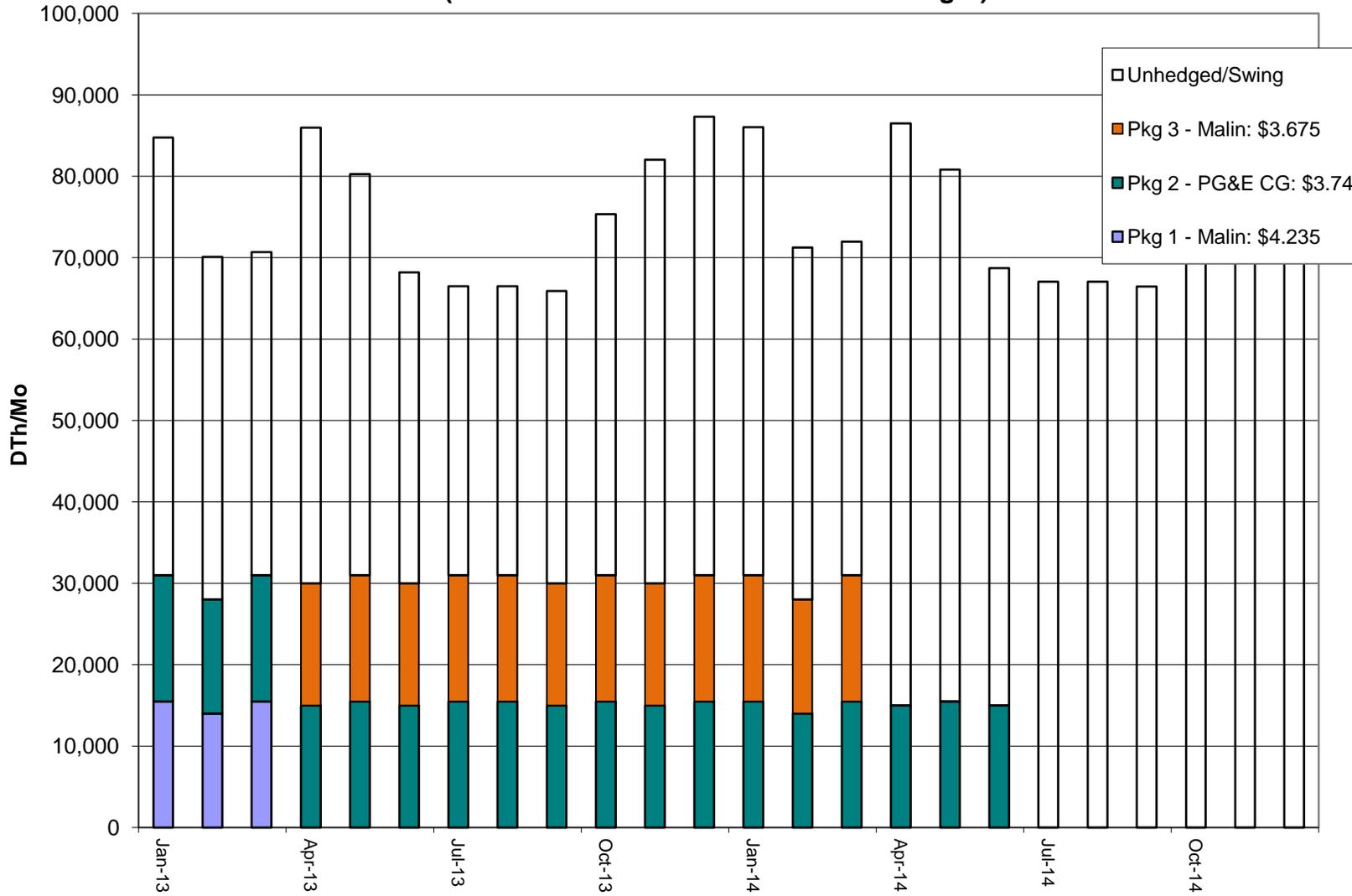
	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
<b>Rate Comparison</b>													
Monthly Rate Difference (\$/Dth)													
Monthly Savings (\$)													
Cumulative 'Savings' (\$)													
Cumulative 'Savings' (%)													
<b>Monthly Index Postings</b>													
NGI Bidweek for PG&E Citygate		\$3.81	\$3.76										
Gas Daily Avg. for PG&E Citygate		\$3.82											
NGI Bidweek for Malin		\$3.55	\$3.41										

Notes:

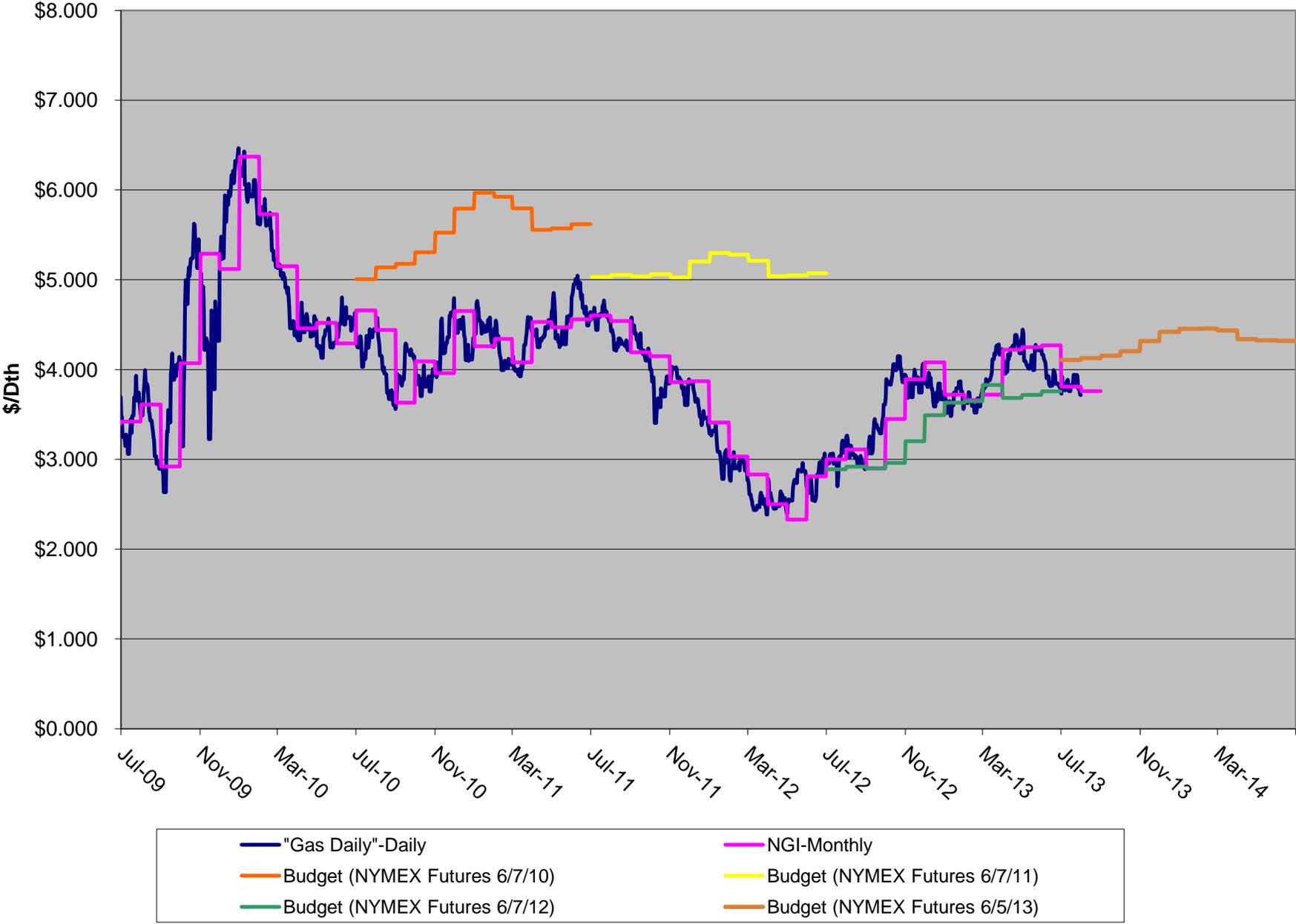
- (1) All gas quantities in Dth and rates in \$/Dth. (Does not include imbalance purchases traded to storage.)
- (2) Weighted Average Cost of Gas (WACOG) at PG&E Citygate
- (3) Includes costs to transport gas to PG&E Citygate from alternate delivery points, as well as physical storage costs.
- (4) Includes scheduling fees, billing fees, administrative costs and misc. expenses; less interest income.
- (5) PG&E charges billed to ABAG POWER via EDI process and passed through to customers. These costs do not necessarily tie directly to the actual gas usage shown above due to timing difference in reporting.
- (6) From billing data
- (7) Based on PG&E's G-NR1 rate schedule.
- (8) Includes: Procurement Charge, Capacity Charge, Brokerage Fee, Shrinkage, and Storage.
- (9) PG&E Transportation Charge; Customer Charge, and surcharge for Public Purpose Programs. Does not include Franchise Fees and City Taxes.

# Gas Hedge Chart

**ABAG POWER Long Term Gas Purchases  
(Fixed-Price Contracts > 1 month in length)**



Historical/Future Market Price Indices @ PG&E Citygate  
Market Price Chart



**ABAG POWER**

**CTA Unrecovered Capacity - Invoices**

<b><u>Invoice No.</u></b>	<b><u>Bill Period</u></b>	<b><u>Amount</u></b>
	<u>FY 2011-12</u>	
10031-0412	April, 2012	\$ 615.67
10031-0512	May, 2012	613.53
10031-0612	June, 2012	663.02
	<b><u>Total FY 2011-12:</u></b>	<b>\$ 1,892.22</b>
	<u>FY 2012-13</u>	
10031-0712	July, 2012	\$ 3,357.55
10031-0812	August, 2012	3,365.97
10031-0912	September, 2012	3,386.84
10031-1012	October, 2012	3,691.70
10031-1112	November, 2012	2,703.94
10031-1212	December, 2012	3,407.76
10031-0113	January, 2013	3,770.71
10031-0213	February, 2013	4,021.81
10031-0313	March, 2013	4,686.62
10031-0413	April, 2013	11,445.87
10031-0513	May, 2013	11,683.10
10031-0613	June, 2013	12,064.84
	<b><u>Total FY 2012-13:</u></b>	<b>\$ 67,586.71</b>
	<u>FY 2013-14</u>	
10031-0713	July, 2013	\$ 15,042.94
	<b><u>Total FY 2013-14:</u></b>	<b>\$ 15,042.94</b>
	<b>Total to date:</b>	<b><u><u>\$ 84,521.87</u></u></b>

## Agenda Item 7B

### ABAG POWER CTA Unrecoverd Pipeline Capacity Cost Estimate

<u>Month/Yr</u>	<u>Est Cost (1)</u>	<u>Est Max (2)</u>
Jul-13	\$ 15,042	\$ 25,249
Aug-13	\$ 15,042	\$ 25,249
Sep-13	\$ 15,042	\$ 25,249
Oct-13	\$ 15,042	\$ 25,249
Nov-13	\$ 14,857	\$ 25,249
Dec-13	\$ 14,993	\$ 27,771
Jan-14	\$ 14,993	\$ 27,771
Feb-14	\$ 14,993	\$ 27,771
Mar-14	\$ 13,732	\$ 25,249
Apr-14	\$ 18,657	\$ 34,391
May-14	\$ 18,657	\$ 34,391
Jun-14	\$ 18,657	\$ 34,391
	<u>\$ 189,707</u>	<u>\$ 337,980</u>
Jul-14	\$ 18,657	\$ 34,391
Aug-14	\$ 18,657	\$ 34,391
Sep-14	\$ 18,657	\$ 34,391
Oct-14	\$ 18,657	\$ 34,391
Nov-14	\$ 18,657	\$ 34,391
Dec-14	\$ 20,451	\$ 37,980
Jan-15	\$ 20,451	\$ 37,980
Feb-15	\$ 20,451	\$ 37,980
Mar-15	\$ 18,657	\$ 34,391
Apr-15	\$ 25,223	\$ 53,509
May-15	\$ 25,223	\$ 53,509
Jun-15	\$ 25,223	\$ 53,509
	<u>\$ 248,961</u>	<u>\$ 480,814</u>
Jul-15	\$ 25,223	\$ 53,509
Aug-15	\$ 25,223	\$ 53,509
Sep-15	\$ 25,223	\$ 53,509
Oct-15	\$ 25,223	\$ 53,509
Nov-15	\$ 25,223	\$ 53,509
Dec-15	\$ 27,728	\$ 58,520
Jan-16	\$ 27,728	\$ 58,520
Feb-16	\$ 27,728	\$ 58,520
Mar-16	\$ 25,223	\$ 53,509
Apr-16	\$ 25,223	\$ 53,509
May-16	\$ 25,223	\$ 53,509
Jun-16	\$ 25,223	\$ 53,509
	<u>\$ 310,189</u>	<u>\$ 657,137</u>

## Agenda Item 7B

### Assumptions

- (1) Est Cost:
- **ABAG POWER accepts 100% of Redwood capacity and rejects all other pipeline allocations.**
  - **ABAG POWER accepts 100% of PG&E storage allocation.**
  - ABAG POWER capacity factor is .00253
  - Capacity rejected by all CTAs continues at historic rates.
  - **Revenues from auctions continue at historic rates**
  - PG&E pipeline capacity prices and terms remain unchanged.
  - No relief is granted from the CPUC.
- (2) Max Cost:
- **ABAG POWER rejects 100% of all pipeline allocations.**
  - **ABAG POWER rejects 100% of PG&E storage allocation.**
  - ABAG POWER capacity factor is .00253
  - Capacity rejected by all CTAs continues at historic rates.
  - **Revenues from auctions are zero.**
  - PG&E pipeline capacity prices and terms remain unchanged.
  - No relief is granted from the CPUC.



July 12, 2013

Michael R. Peevey  
President  
California Public Utilities  
Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Commissioner Mark J. Ferron  
California Public Utilities  
Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Commissioner Catherine J.K. Sandoval  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Commissioner Mike Florio  
California Public Utilities  
Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Commissioner Carla J. Peterman  
California Public Utilities  
Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Re: Natural Gas Pipeline Capacity Planning  
(A.13-06-011)**

Dear President Peevey & CPUC Commissioners

Please find attached copies of letters written by ABAG POWER members (Cities, Counties and Special Districts) in support of ABAG POWER, a natural gas energy services provider (Core Transportation Agent "CTA") for local government facilities in PG&E's service territory.

Current regulations require PG&E to purchase pipeline capacity on behalf of all core transport customers regardless of the customer's gas supplier (i.e. CTA) and the CTA is obligated to pay for this capacity even though they have no input on the purchasing strategy, pricing or terms. CTAs, including ABAG POWER and its Members, often have no use for the location(s) chosen by PG&E and find that PG&E has purchased unneeded capacity, as well as overpaid for the capacity it chose.

In June, the CPUC will be reviewing regulations regarding the amount of pipeline capacity PG&E is required to hold. Future proceedings will review the regulations that require CTAs to purchase a portion of the capacity at PG&E's cost and at the locations selected by PG&E.

The CTAs, including ABAG POWER, propose that the current CPUC regulations be modified. CTAs should have the ability to adopt, implement and pay for their own strategies for meeting spikes in natural gas consumption. PG&E should purchase only enough pipeline capacity for its own needs.

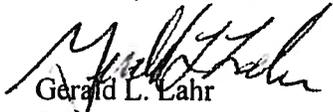
This solution is fair for PG&E, the CTAs and all gas customers. PG&E's customer rates will be lowered because the amount of pipeline capacity PG&E buys will go down. ABAG POWER Member costs for spikes in consumption will be controlled by them rather than PG&E, and we will avoid the unnecessary expense of supporting PG&E's pipeline capacity decisions.



President Peevey & CPUC Commissioners  
July 12, 2013  
Page 2

Please contact me with any questions at [JerryL@abag.ca.gov](mailto:JerryL@abag.ca.gov) or 510-464-7908.

Sincerely,

  
Gerald L. Lahr  
Energy Programs Manager

/vm  
Enclosure

cc: Service List for A.13-06-011

**List of Member Letters to California Public Utilities Commission**

Alameda, City of  
Albany, City of  
Benicia, City of  
Fremont, City of  
Golden Gate Bridge, Highway & Transportation District  
Gonzales, City of  
Housing Authority of the City of Alameda  
Los Altos, City of  
Milpitas, City of  
Pleasanton, City of  
San Carlos, City of  
San Mateo, County of  
Santa Clara, County of  
Vallejo Sanitation & Flood Control District  
Oakland



## ABAG POWER ANNUAL BOARD MEETING

**October 24, 2013 (10:30 a.m. to 1:00 p.m.)**

**Association of Bay Area Governments  
Joseph P. Bort MetroCenter Auditorium  
101 Eighth Street, Oakland, CA 94607**

**Chairman: Richard Sealana**

- |                        |   |         |               |
|------------------------|---|---------|---------------|
| <b>1.</b>              | <b>Welcome</b><br>ATTACHMENT A - ABAG POWER JPA MEMBER LIST   | Sealana |               |
| <b>2.</b>              | <b>Public Comments</b>  | Sealana |               |
| <b>3.</b>              | <b>Approval of Minutes from October 25, 2012 Annual Board Meeting</b><br>ATTACHMENT 3A - MINUTES OF OCTOBER 25, 2012  | Sealana | <b>Action</b> |
| <b>4.</b>              | <b>Election of ABAG POWER Officers (Chair and Vice Chair)</b><br>ATTACHMENT 4A - PROPOSED EXECUTIVE COMMITTEE FOR FY 13-14  | Sealana | <b>Action</b> |
| <b>5.</b>              | <b>Staff Report and Review of Natural Gas Program</b><br>Staff will report the results of the Natural Gas Program for the 2012 – 2013 fiscal year, as well as provide multi-year review of the Program.<br>ATTACHMENT 5A - STAFF REPORT ON NATURAL GAS PROGRAM<br>ATTACHMENT 5B - REVIEW OF NATURAL GAS PROGRAM<br>ATTACHMENT 5C - GAS PRICE COMPARISON SPREADSHEET | Lahr    | Info.         |
| <b>6.</b>              | <b>Financial Review</b><br>Staff will review preliminary financial statements for FY 2011-12<br>ATTACHMENT 6A - FINANCIAL REPORTS MEMO<br>ATTACHMENT 6B.1.2.3. – PRELIMINARY FINANCIAL REPORTS  | Pike    | Info.         |
| <b>7.</b>              | <b>Natural Gas Pipeline Capacity Issue</b><br>Staff will discuss the effects to the program of the recent stranded pipeline capacity costs.   | Lahr    | Info.         |
| <b>Break for Lunch</b> |   |         |               |
| <b>8.</b>              | <b>Guest Speaker – [BayREN Description/Update?]</b>   |         | Info.         |
| <b>9.</b>              | <b><u>Closed Session [If needed]</u></b><br>The following item will be discussed in closed session, pursuant to the requirements of the Ralph M. Brown Act. All reportable actions will be announced in open session prior to the adjournment of the meeting.   | Moy     | Info.         |

Conference with Legal Counsel – Anticipated Litigation [Govt. C. Sec. 54956.9(c)]

**Adjourn approximately 1:00 p.m.**

**THE BOARD MAY TAKE ANY ACTION, INCLUDING NO ACTION, ON ANY ITEM ON THIS AGENDA.**