



SUMMARY MINUTES

ABAG Power Executive Committee

Meeting 2003-5

December 17, 2003

Metro Center 101 8th Street, Oakland CA 94607

WELCOME AND INTRODUCTIONS

Chairman Richard Averett opened the meeting with introductions at 12:05 p.m.

Committee Representatives & Alternates Present

Richard Averett, Chairman
 Jeff Kolin
 John Lisenko
 Terry Mann
 Dave Millican, Vice-Chairman
 Steve Sprotte
 Rob Sousa
 Vicki Swank

Jurisdictions

City of San Carlos
 City of Santa Rosa
 City of Foster City
 County of Contra Costa
 City of Fremont
 City of Union City
 City of Benicia
 County of Santa Clara

Committee Representatives Absent

Mary Hill

City of Vallejo

Guests Present

Dan Bergmann
 Ron Ford (Supervisor Susan Adam's office)
 Barbara Lathrop
 Daniel Pellegrini

Interstate Gas Services, Inc.
 County of Marin
 City of Newark
 Cooperative Community Energy

Staff Present

Henry Gardner
 Jerry Lahr
 Vina Maharaj
 Ken Moy

ABAG
 ABAG POWER
 ABAG POWER
 ABAG

PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

APPOINTMENT OF NEW MEMBER TO THE EXECUTIVE COMMITTEE

Chairman Averett appointed and welcomed new member, Robert Sousa, Finance Director of the City of Benicia, to the ABAG POWER Executive Committee.



Jerry Lahr mentioned that while the addition of the new member fulfills the minimum member requirement (between 7 – 9) for the Executive Committee, the Committee would still like to add two more members to bring it to a full membership. Chairman Averett added that it would be beneficial to get new members with different perspectives.

APPROVAL OF SUMMARY MINUTES OF SEPTEMBER 17, 2003 MEETING

Lahr requested that a minor amendment be made to the September 17, 2003 Meeting Minutes, as follows:

Page 3, 8th paragraph, 1 (i) – the word “change” should read “charge”.

Motion was made by Lisenko/S/Millian/C/8:0:0 to approve the amended Summary Minutes of September 17, 2003 Executive Committee Meeting.

STATUS REPORT ON NATURAL GAS PROGRAM

Jerry Lahr presented the Executive Committee with the monthly Summary of Operations report for the Natural Gas Program. Lahr said that except for the month of July, ABAG POWER’s rate has been lower, some months significantly lower, than PG&E’s for the current fiscal year.

Lahr referred members to the True-Up and Allocation attachments in the agenda packet. He said that ABAG POWER, in conjunction with IQ Solutions, compared actual program costs with levelized billings and found that there was an over-collection of funds for the year totaling \$473,038.61. This amount will be returned to members during the remaining months of the current fiscal year as a credit on the monthly invoice.

In addition, ABAG POWER updated its forecast of natural gas costs and usage for the current fiscal year. This update resulted in the lowering of current levelized charges by an average of 5%. The Executive Committee members were provided with a table indicating revised levelized billings.

The working capital collected as part of last year’s billings appear sufficient, therefore there does not need to be an adjustment made at this time.

Lahr mentioned that the City of Fairfield and the Acalanes Union High School District have approached ABAG POWER considering joining the program. He said that the addition of these two entities would add approximately 4% to the Program’s annual usage and increase the total gas rate very slightly (approximately 0.15%).

Motion was made by Millican/S/Kolin/C/8:0:0 to approve ABAG POWER recommendation that these two entities be approved for membership in the core and/or noncore programs as long as they indicate an intent to join prior to June 30, 2004.



Lahr provided an update on two regulatory issues which are before the California Public Utilities Commission:

- **El Paso “Turn-back” Capacity.** ABAG POWER has been concerned that the transportation capacity which PG&E was required to obtain will be inappropriately charged to core aggregation customers. There was an interim draft decision which required all parties to pay for this capacity whether one was a PG&E, non-PG&E, core or noncore customer. ABAG POWER has argued all along that because this capacity was not allocated to non-utility customers like ABAG POWER, they should not have to pay for it, should get refunded for months already paid and should not have to pay for it in the future. ABAG POWER filed comments on the draft decision and recently had a meeting with one of the Commissioners’ advisors on this subject. The CPUC is scheduled to vote on this issue shortly.
- **Gas Accord II.** This CPUC proceeding is intended to set guidelines on how the gas industry in California will operate for the next two years, starting in 2004. The CPUC recently came out with a draft decision which makes only minor changes to the current regulatory rules that affect ABAG POWER operations. PG&E has since filed comments against portions of the draft decision, and it is felt that these comments by PG&E are counter-productive to core aggregation programs such as ABAG POWER. Therefore, ABAG POWER and SPURR jointly filed reply comments on PG&E’s comments. This issue is on CPUC’s current agenda .

ABAG POWER’s Contract with members. Lahr said that the three-year contract rollover period will be due on June 30, 2005. ABAG POWER is unable to purchase natural gas past June 30, 2005 due to not being certain whether some members may opt-out of the program. Lahr said that if there was any way to encourage members to opt-in sooner than June 30, 2005, then ABAG POWER would be in a better position to look into longer-term contracts when prices are beneficial.

ELECTRIC PROGRAM UPDATE

Legal Counsel Ken Moy reported that ABAG POWER is trying to devise an agreement that will wind-up the program in a manner which will satisfy the needs of the members with respect to accepting the risks and to performing their due diligence with reasonableness and accuracy of the presentation that is being made through them. ABAG POWER is proposing to have the agreement beta tested across a spectrum of people who are both relatively informed and those who are not as familiar with the program. John Lisenko of Foster City volunteered to be part of the beta testing.

Lahr referred members to the Executive Committee meeting minutes of September 17, 2003 in which a motion was made as follows:

“Bankruptcy claim interest to be distributed in proportion to the CTC reversal charge, as opposed to transferring it to the Members Balancing Account and allocating it in proportion to energy usage”.

Lahr said that ABAG POWER is facing a difficulty in following-through with the above motion as it will mean that ABAG POWER cannot then distribute 100% of working capital deposits as was intended by the Committee. While ABAG POWER will be able to return the CTC reversal liability



to members, it will be unable to return all of the working capital deposits unless it uses a portion of the bankruptcy claim interest money to help refund the deposits.

Motion was made by Kolin/S/Mann/C/8:0:0 to authorize ABAG POWER staff to apply a portion of the bankruptcy interest money toward the return of the working capital deposits to members. This portion of the interest will be returned in proportion to the working capital deposits and not as CTC reversals.

Jeff Kolin said that in discussions with his City Attorney about how a settlement will be presented to the city council members, suggestions were made to come up with a narrative document which would provide a step-by-step protocol of the settlement process. Suggestion was also made that the pool hire an outside independent advisory service to provide an assessment of what the settlement and the risk factors are.

There was considerable discussion about each agency's assumption of the risk of using all of their distributed funds and whether to hire outside, independent advisory services to assess the risk. ABAG POWER's legal counsel expressed the difficulty of obtaining such knowledgeable, independent services. Discussion resulted in most members of the Executive Committee expressing a preference to rely on ABAG staff and their own assessment of the risk.

No action was taken.

FUTURE ROLES FOR ABAG POWER

This item was moved to next meeting agenda.

Kolin, Lisenko, Lathrop and Sousa left the meeting at this point.

2004 MEETING SCHEDULE

There was a general consensus among the remaining members to accept the proposed meeting schedule as presented.

SEBASTOPOL SOLAR (PHOTOVOLTAIC) PROJECT

Dan Pellegrini, President of Cooperative Community Energy presented the members with information on the Sebastopol Solar (photovoltaic) project. Pellegrini can be reached at (415) 457-0215 or pilgrim@ccenergy.com.

ADJOURN

Chairman Averett adjourned the meeting 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.