

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 2009-03**

June 17, 2009

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

WELCOME AND INTRODUCTIONS

Chairman John Cerini opened the meeting with introductions at 12:00 p.m.

Committee Representatives

Ed Buonaccorsi (via teleconference)
John Cerini, Chairman
Terry Mann
Raj Pankhania
Ron Popp
Chris Schroeder

Jurisdictions

City of Santa Rosa
City of Vallejo
County of Contra Costa
City of Hercules
City of Millbrae
City of Milpitas

Members Absent

Jennifer Mennucci, Vice-Chairwoman

Golden Gate Bridge District

Members of Public Present

Michelle Rodriguez

Jones & Stokes

Staff Present

Jerry Lahr
Cheryl Adsit
Kenneth Moy
Joseph Chan
Henry Gardner
Dan Eeds

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PUBLIC COMMENTS & ANNOUNCEMENTS

Michelle Rodriguez of Jones & Stokes (10 Lombard Street, Suite 300, San Francisco, CA 94111, (415) 296-0524, www.jonesandstokes.com) joined the meeting as a member of the public.

APPROVAL OF SUMMARY MINUTES OF APRIL 15, 2009 MEETING

Motion was made by Cerini/S/Schroeder/C/6:0:0 (unanimous roll call vote, all ayes), to approve the Summary Minutes of April 15, 2009 Executive Committee Meeting.

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REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 08-09

Lahr provided the members with the Monthly Summary of Operations report for FY 2008-09. He reported on the cumulative savings, gas inventory and the operating imbalance. He said that the cumulative savings has dropped down to -4.7% in April due to the recent downfall in gas prices versus ABAG POWER's higher priced locked-in gas. ABAG POWER, however, had maintained a positive cumulative savings percentage compared to PG&E during the first seven months of the fiscal year 2008-09.

Lahr said that ABAG POWER's gas schedulers are helping manage the operating imbalance which is a small positive imbalance at this point.

Gas Hedge Chart and Market Prices

Lahr provided a chart showing ABAG POWER's long-term gas purchases. He mentioned that ABAG POWER has completed its long-term gas purchases for the period up to June, 2010. As of July 2009, the higher-priced locked-in gas of \$7.44 will be dropped off and the lower-priced, locked-in gas of \$5.81 will begin to be utilized under its long-term purchase transactions.

Lahr also provided a chart showing recent market prices and futures prices.

Energy Data System - Pilot Project

The contract with Utility Management Services (UMS) was fully executed at the end of March 2009. UMS is in the initial phase of the project of collecting and inputting electric account data into the Utility Manager database. UMS has begun conversations with the City of Milpitas regarding programming and the most fitting method of grouping accounts in the system.

ABAG POWER's Unused Pipeline Capacity

At the last meeting, Lahr had mentioned that ABAG POWER, being a core aggregator, receives a monthly option for certain pipeline capacity from PG&E. He was looking into a new mechanism that may allow the program to make use of a portion of this capacity that has traditionally gone unused due to scheduling and pricing concerns. A company had proposed that ABAG POWER assign its unused capacity to them, and they will then aggregate a number of these, resell and share the benefits of the sale with ABAG POWER on a fifty-fifty basis.

Lahr reported that ABAG POWER did enter into an agreement with In-House Energy, LLC on May 13, 2009. He said that the Baja capacity for June was offered to them, but they were not able to utilize it. However, since it is not costing ABAG POWER for this service, the plan is to continue to look for an opportunity to make a gain from the unused pipeline capacity.

FY 2009-10 ABAG POWER BUDGET

Motion was made by Mann/S/Schroeder/C/6:0:0 (unanimous roll call vote, all ayes) to approve the ABAG POWER Budget as presented, which included the following points:

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- Electricity – Electric expenses will be accrued as a liability to the program. Reimbursement will be made to ABAG once the remaining issues have been resolved.
- Gas – There was a large over-collection of funds during FY 2008-09 due to a higher assumed gas rate, which was revised in December, 2008 lowering the rate going forward. During next true-up in November, 2009, members will be refunded the over-collected funds of approximately \$2.8 million. This will appear as “FY 08-09 true-up allocation per month” as the second line item on the member’s invoice.
- Energy Data System Upgrade – At the Annual Board Meeting of 2008, members had approved a line item of \$50,000 in the revised budget for the data system upgrade. To date the program has not charged any money against this deal. While the estimate for this upgrade project is approximately \$13,000, Lahr has placed a projected amount of \$10,000 for FY 2008-09 and a proposed amount of \$40,000 for FY 2009-10.
- Interest Expense/Bank Charges – The two largest factors for increase in banking charges are 1) the drop in the bank's interest earned rate from .0025% to .001% ; and 2) the monthly FICA/FICO Insurance fees have gone from \$49 to \$409 which is due to the recent banking crises. ABAG Accounting Staff have discussed the possibility of consolidating this account with other ABAG accounts in order to cut down on bank fees and charges.

DISTRIBUTION AND USES OF GAS LITIGATION PROCEEDS

In addition to the information provided in the attached memo, ABAG POWER very recently received word that one additional settlement has been proposed with the final defendant in the litigation. It is expected that this settlement will be finalized in the next couple of months.

Motion was made by Schroeder/S/Popp/C/6:0:0 (unanimous roll call vote, all ayes) to distribute the proceeds allocated to the opt-out members after all funds are received, and retain the remaining proceeds until a decision can be made as to the viability of the Energy Data Pilot Project.

SOLAR & ENERGY EFFICIENCY FINANCING DISTRICT

Lahr presented the members with a copy of a status report which was presented to ABAG’s Executive Board on May 6, 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.

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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

Chairman Cerini adjourned the meeting at 1:20 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