



**ABAG POWER  
ANNUAL BOARD MEETING**

**October 30, 2008 (10:00 a.m. to 1:00 p.m.)**

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

**Chairman: Ed Buonaccorsi**

- |   |             |               |
|---|-------------|---------------|
| <b>1. Welcome</b><br>ATTACHMENT A - ABAG POWER JPA MEMBER LIST  | Buonaccorsi |               |
| <b>2. Public Comments</b>   | Buonaccorsi |               |
| <b>3. Approval of Minutes from October 17, 2007 Annual Board Meeting</b><br>ATTACHMENT A - MINUTES OF OCTOBER 17, 2007  | Buonaccorsi | <b>Action</b> |
| <b>4. Election of ABAG POWER Officers (Chair and Vice Chair)</b><br>ATTACHMENT A - PROPOSED EXECUTIVE COMMITTEE FOR FY 08-09  | Buonaccorsi | <b>Action</b> |
| <b>5. Status of Electric Program Funds</b><br>Staff will discuss the status of the remaining Electric Program funds held in escrow, and the need for continued monitoring of activities.<br>ATTACHMENT A – ELECTRIC PROGRAM STATUS MEMO   | Lahr/Moy    | <b>Action</b> |
| <b>6. Staff Report and Review of Natural Gas Program</b><br>Staff will report the results of the Natural Gas Program for the 2007 – 2008 fiscal year, as well as provide multi-year review of the Program.<br>ATTACHMENT A - STAFF REPORT ON NATURAL GAS PROGRAM<br>ATTACHMENT B - GAS PRICE COMPARISON SPREADSHEET | Lahr        | Info.         |
| <b>7. Financial Review</b><br>Staff will review preliminary financial statements for FY 2007-08<br>ATTACHMENT A - FINANCIAL REPORTS MEMO<br>ATTACHMENT B.1.2.3. – PRELIMINARY FINANCIAL REPORTS   | Pike        | Info.         |
| <b>8. Natural Gas Litigation</b><br>Staff will discuss the status/outcome of the natural gas litigation and present a recommendation for the allocation of proceeds.<br>ATTACHMENT A –RECOMMENDATION FOR USE OF PROCEEDS FROM NATURAL GAS LITIGATION<br>ATTACHMENT B - PROPOSED ALLOCATION                          | Lahr/Moy    | <b>Action</b> |
| <b>9. ABAG Energy Watch/ Green Communities</b><br>Staff will provide a status update and a review of the ABAG Energy Watch program.   | Lahr        | Info.         |

**Break for Lunch**

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

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**11. Guest Speaker**

Stephen Compagni Portis, visiting scholar at UC Berkeley and founder of the company "Renewable Funding" will discuss the BerkeleyFIRST model of financing solar and energy efficiency projects.

Info.

**12. Final Remarks**

Chairman's final remarks.

Buonaccorsi Info.

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

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

**ABAG POWER Board of Directors (JPA Membership)**

Total JPA Membership = 67  
Current Gas Members = 38

Jurisdiction	Primary & Alternate	Membership Status	
		Natural Gas Member (Current)	Current JPA Member Was Electric (Suspended) and/or Gas Member (opted out)
Alameda, City of	Margaret Mc Lean (P) Pam Sibley (A)	Gas	
Albany, City of	Charles Adams (P)	Gas	Electric
Antioch, City of	Dawn Merchant (P) Jim Jakel (A)		Electric
Arcata, City of	John Raley (P)		Electric
Belmont, City of	Jack Crist (P) Karl Mittelstadt (A)		Gas (Opted-Out)
Benicia, City of	Robert Sousa (P) James Erickson (A)	Gas	Electric
Berkeley, City of	Neal De Snoo (P)		Electric
Cloverdale, City of	Nina D. Regor (P)		Electric
Cotati, City of	Dianne Thompson (P)		Electric
Cupertino, City of	Carol Atwood (P)	Gas	Electric
Daly City, City of	Don McVey (P)		Electric Gas (Opted-Out)
Davis, City of	Bob Weir (P) Sue Gedestad (A)		Electric
El Cerrito, City of	Scott Hanin (P) Garth Schultz (A)		Electric
Foster City, City of	Ray Towne (P)		Electric Gas (Opted-Out)
Fremont, City of	Harriet Commons (P) Don Dorman (A)	Gas	
Gonzales, City of	Rene Mendez (P)	Gas	Electric
Half Moon Bay, City of	Hector Lwin (P) Paula Krogh (A)	Gas	Electric
Hercules, City of	Raj Pankhania (P) Tim Hansen (A)	Gas	Electric
Los Altos, City of	Douglas J. Schmitz (P)	Gas	Electric
Menlo Park, City of	Glen Rojas (P) Carol Augustine (A)		Electric Gas (Opted-Out)

Jurisdiction	Primary & Alternate	Membership Status	
		Natural Gas Member (Current)	Current JPA Member Was Electric (Suspended) and/or Gas Member (opted out)
Mill Valley, City of	Eric Erickson (P)	Gas	Electric
Millbrae, City of	Ron (Pope) Popp (P) Ralph Petty (A)	Gas	Electric
Milpitas, City of	Emma Karlen (P) Chris Schroeder (A)	Gas	Electric
Monte Sereno, City of	Brian Loventhal (P)	Gas	
Newark, City of	Peggy Claassen (P)		Electric
Oakland, City of	Scott Wentworth (P)	Gas	
Orinda, City of	Janet Keeter (P) Beverli Marshall (A)	Gas	Electric
Pacifica, City of	Ann Ritzma (P) Sandra McClellan (A)	Gas	Electric
Patterson, City of	M. Cleve Morris (P)		
Petaluma, City of	Vincent Marengo (P) Michael Ban (A)	Gas	Electric
Pinole, City of	Charles A. Long (P)		Electric Gas (Opted-Out)
Pleasanton, City of	Julie Yuan-Miu (P) Daniel Smith (A)	Gas	Electric
Richmond, City of	Yader Bermudez (P)	Gas	
Salinas, City of	Miguel Gutierrez (P)	Gas	Electric
San Carlos, City of	Jeff Maltbie (P)	Gas	Electric
San Leandro, City of	John J. Jermanis (P) Mike Bakaldin (A)		Electric
San Mateo, City of	Hossein Golestan (P)		Electric Gas (Opted-Out)
San Pablo, City of	Bradley J. Ward (P) Brock Arner (A)		Electric
San Rafael, City of	Kenneth Nordhoff (P)	Gas	
Santa Rosa, City of	Ed Buonaccorsi (P)	Gas	Electric
Saratoga, City of	Thomas Scott (P) Dave Anderson (A)	Gas	Electric

Jurisdiction	Primary & Alternate	Membership Status	
		Natural Gas Member (Current)	Current JPA Member Was Electric (Suspended) and/or Gas Member (opted out)
Sebastopol, City of	Ron Puccineli (P)		Gas (Opted-Out)
Union City, City of	Richard Sealana (P)	Gas	Electric
Vallejo, City of	John Cerini (P)	Gas	Electric
Watsonville, City of	Gabriel Gordo (P) Bob Geyer (A)	Gas	
Winters, City of	John Donlevy (P) Shelly Gunby (A)	Gas	Electric
Atherton, Town of	Jerry Gruber (P)	Gas	Electric
Hillsborough, Town of	Edna Masbad (P)		Electric Gas (Opted-Out)
Los Altos Hills, Town of	Carl Cahill (P)		Electric
Moraga, Town of	Jill Mercurio (P)	Gas	Electric
Windsor, Town of	James McAdler (P)		Electric
Butte, County of	Richards L. Hall (A)		Electric
Contra Costa, County of	Terry Mann (P) Becky Eaton (A)	Gas	Electric
Monterey, County of	Mario Salazar (P)		Electric
Napa, County of	Michael Stoltz (P) Kimberly Payne (A)	Gas	Electric
San Mateo, County of	Doug Koenig (P) Gary Behrens (A)	Gas	Electric
Santa Clara, County of	Lin Ortega (P) Jeff Draper (A)	Gas	
Sonoma, County of	John Haig (P) Gary Rodrigues (A)		Electric
Eastside Union High School Dist.	John Lawrence (P)	Gas	
Golden Gate Bridge District	Jennifer Mennucci (P)	Gas	Electric
H.A.R.D.	Larry Lepore (P) Karl Zabel (A)		Electric
Housing Authority County of Alameda	Tom Makin (P) Christine Gouig (A)		Electric
Los Trancos County Water Dst.	Vacant (P)		Electric

Jurisdiction	Primary & Alternate	Membership Status	
		Natural Gas Member (Current)	Current JPA Member Was Electric (Suspended) and/or Gas Member (opted out)
R.A.F.C.	Teri Green (P) Robert Hoffman (A)	Gas	Electric
South County Fire Authority	Doug Fry (P)		Electric
Vallejo Sanitary & Flood Control	Barry Pomeroy (P) Ron Matheson (A)	Gas	
West County Wastewater District	Brian Hill (P)		Electric



# SUMMARY MINUTES

**ABAG POWER Annual Board of Directors' Meeting 2007**

October 17, 2007

Joseph P Bort MetroCenter

101 Eighth Street, Oakland, CA 94607-4756

## WELCOME

Chairman Ed Buonaccorsi opened the meeting of the ABAG POWER Board of Directors' with introductions at 10:30 a.m.

The agencies having a representative at this meeting and constituting a quorum were as follows:

### Jurisdictions Represented

City of Alameda  
 City of Benicia  
 City of Cupertino  
 City of El Cerrito  
 City of Fremont  
 City of Half Moon Bay  
 City of Hercules  
 City of Millbrae  
 City of Milpitas  
 City of Pacifica  
 City of Pleasanton  
 City of Richmond  
 City of San Mateo  
 City of Santa Rosa  
 City of Saratoga  
 City of Union City  
 City of Vallejo  
 City of Watsonville  
 County of Contra Costa  
 County of Napa  
 County of Santa Clara  
 Golden Gate Bridge & Highway District  
 H.A.R.D.  
 Housing Authority for the County of Alameda  
 RAFC

### Committee Representatives

Marge McLean  
 Robert Sousa  
 David Woo  
 Bruce King  
 Don Dorman  
 Paula Krogh  
 Raj Pankhania  
 Ron Popp  
 Chris Schroeder  
 Ann Ritzma  
 Scott R. Baker  
 Ralph Lloyd  
 Hossein Golestan  
 Ed Buonaccorsi  
 Thomas Scott  
 Richard Sealana  
 John Cerini  
 Gabriel Gordo  
 Terry Mann  
 Martha Burdick/Kimberly Payne  
 Lin Ortega/Stephen McNulty  
 Jennifer Mennucci  
 Karl Zabel  
 Tom Makin  
 Teri Green

**Other Members/Guests Present**

City of Santa Monica  
Energy Solutions

Susan Munves (Speaker)  
Bruce Chamberlain (Speaker)

**Staff:**

Cheryl Adsit  
Joseph Chan  
Henry L. Gardner  
Jerry Lahr  
Kenneth Moy  
Vina Maharaj

ABAG  
ABAG  
ABAG  
ABAG POWER  
ABAG (via teleconference for closed session only)  
ABAG POWER

**PUBLIC COMMENTS**

There were no public comments.

**CHAIRMAN'S OPENING REMARKS**

Chairman Buonaccorsi welcomed the board members and provided a brief history and a general overview of the ABAG POWER Program. He introduced and extended a special acknowledgment to the 2006-07 Executive Committee and the ABAG POWER Staff.

**APPROVAL OF SUMMARY MINUTES OF OCTOBER 18, 2006 ANNUAL BOARD MEETING**

Motion was made by Popp/S/Mennucci/25:0:0/C/ to approve the Summary Minutes of October 18, 2006 ABAG POWER Annual Board of Directors' meeting.

**ELECTION OF ABAG POWER OFFICERS (CHAIR AND VICE CHAIR)**

Motion was made by Popp/S/Baker/25:0:0/C/ to elect Ed Buonaccorsi of the City of Santa Rosa as Chairman and John Cerini of the City of Vallejo as Vice-Chairman of the ABAG POWER Executive Committee for program year 2007-08.

**CONFIRMATION OF EXECUTIVE COMMITTEE MEMBERS**

Motion was made by Schroeder/S/Sousa/25:0:0/C/ to approve the proposed ABAG POWER Executive Committee for program year 2007-2008 as follows:

Scott R. Baker, City of Pleasanton  
Ed Buonaccorsi, City of Santa Rosa  
John Cerini, City of Vallejo  
Terry Mann, County of Contra Costa  
Jennifer Mennucci, Golden Gate Bridge, Highway & Transportation District  
Raj Pankhania, City of Hercules  
Ron Popp, City of Millbrae



### **FINANCIAL REVIEW FOR FY 06-07**

Joseph Chan presented the preliminary financial reports for fiscal year ending June 30, 2007. Chan said that all revenues and expense categories were within expectations and reasonable with respect to the budget for FY 06-07. Auditors were in the process of auditing the financial statements, which will be available by December, 2007.

### **STATUS OF ELECTRIC PROGRAM FUNDS**

Jerry Lahr provided the members with a background, prior year actions and outstanding issues related to the electric program activities affecting the ISO/PX Escrow funds.

Motion was made by Baker/S/Green/25:0:0 /C/ as follows:

1. To continue monitoring activities through December 31, 2008;
2. Pay for monitoring from \$100k hold-back fund, and
3. Consult Executive Committee should additional funds become necessary.

### **STAFF REVIEW OF NATURAL GAS PROGRAM AND DISCUSSION OF GAS PURCHASING STRATEGIES**

Lahr provided an in-depth report on the operations of the Natural Gas Program for the 2006-07 fiscal year. He also provided a multi-year review of the program, and discussed gas purchasing strategies.

Lahr said that for the past five years the Gas Program has operated with the dual, and often competing goals of *Cost Savings* and *Price Stability*. To meet these goals the program has implemented a gas purchasing strategy that emphasizes multiple layers of long-term, fixed-price contracts for a majority of its gas load, while a smaller portion of gas is purchased with short-term, indexed-based contracts. This strategy has generally resulted in positive savings during times of rising markets, and negative savings during falling markets, while maintaining price stability. The Natural Gas Program's net result for the period January 2003 to present is a negative savings of approximately 1%, while the Program has achieved greater price stability than PG&E throughout this period.

Staff will continue to monitor the Program's gas purchasing strategy to best maximize the goals of the Program, *Price Stability and Cost Savings*.

ABAG POWER will be looking for opportunities to aid members in all areas of energy management such as the ABAG Energy Watch program that is currently being implemented jointly with PG&E.

### **ABAG ENERGY WATCH**

Lahr provided an overview, information on organizational structure, services provided by Energy Watch and a list of the current participants in the program. Technical services, energy assessment reports, benchmarking, goals and results of the program were discussed.

**NEW PROGRAM OPPORTUNITIES**

The ABAG POWER Executive Committee had expressed significant interest in seeing the ABAG POWER JPA explore new program opportunities in service of its member jurisdictions, therefore a survey was distributed to the ABAG POWER board members inviting their interest in eleven different ideas for new potential programs and services. Lahr said he will get back to the board members with the results of the survey soon thereafter.

**GUEST SPEAKER – SUSAN MUNVES OF THE CITY OF SANTA MONICA****Energy Plan/Solar Santa Monica**

Susan Munves gave a presentation on the City of Santa Monica's Community Energy Independence Initiative, which included environmental initiatives in Santa Monica, the foundation of Solar Santa Monica, program design and their eight accomplishments.

**GUEST SPEAKER – BRUCE CHAMBERLAIN OF ENERGY SOLUTIONS****Utility Bill Tracking and Analysis**

Bruce Chamberlain gave a presentation on why and how to track utility bills.

**GUEST SPEAKER – RAJ PANKHANIA OF THE CITY OF HERCULES****Hercules Municipal Utility Renewable Portfolio Standards**

Raj Pankhania spoke about his experiences with the Hercules Municipal Utility and their efforts with the Renewable Portfolio Standard.

**CLOSED SESSION****Conference With Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(A)]**

Kenneth Moy was contacted via teleconference who provided an update on the existing gas litigation. At the reconvene of the Annual Board Meeting, it was announced by the Chairman that no action was taken in Closed Session.

**ADJOURNMENT**

Chairman Buonaccorsi adjourned the meeting at 2:00 p.m.

/vm

\*Example of a motion – [Member No. 1/S/Member No. 2/O/Member No. 3/roll call vote/C/8:0:0] means Member No.1 motions, seconded by Member No.2, Opposed by Member No. 3, after roll call vote, motion carries, 8 = "yes" votes, 0 = "no" votes and 0 = abstentions.



**Proposed ABAG POWER Executive Committee for  
FY 2008-09**

Ed Buonaccorsi	General Services Administrator	City of Santa Rosa
John Cerini	Maintenance Superintendent	City of Vallejo
Terry Mann	Deputy Director, General Services	County of Contra Costa
Jennifer Mennucci	Budget & Program Analysis Manager	Golden Gate Bridge, Highway and Transportation District
Raj Pankhania	Assistant to City Manager	City of Hercules
Ron Popp	Public Works Director	City of Millbrae
Chris Schroeder	Purchasing Officer	City of Milpitas

**ABAG POWER Staff**

Henry Gardner	ABAG POWER President; ABAG Executive Director
Gerald L. Lahr	ABAG POWER Program Manager
Vina Maharaj	ABAG POWER Administrative Assistant
Kenneth Moy	ABAG Legal Counsel
Herb Pike	ABAG Finance Director

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #5

Representing City and County Governments of the San Francisco Bay Area

Attachment A



DT: October 20, 2008

TO: ABAG POWER Board

FM: Gerald L. Lahr, ABAG POWER Program Manager  
Kenneth Moy, ABAG Legal Counsel

RE: **Electric Program Status and Recommendation for Continued Monitoring**

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## Summary

Approximately \$1,680,000 in funds associated with the suspended Electric Aggregation Program remain on deposit with the Northern California Power Authority (NCPA). The issues preventing release of these funds have not been resolved. We recommend that ABAG POWER staff continue to passively monitor these issues and record monitoring expenses for reimbursement. When the issues have been resolved and the funds recovered, we will notify Electric Program participants.

**Background.** The Electric Aggregation Program was suspended in July of 2001. In the Fall of 2003, the ABAG POWER Board authorized staff to conclude the wind-up of the Program. ABAG POWER and each Electric Program participant executed the Windup Agreement which distributed all Program assets and liabilities, including certain contingent liabilities. These activities were completed in the summer of 2004. Although all Program assets were returned to members, there remained approximately \$1.5 million\* in agency funds on deposit with the NCPA (Electric Program Funds). These funds can not be released until regulatory enforcement actions by the Federal Energy Regulatory Commission (FERC), a lawsuit by the investor-owned public utilities and the bankruptcy of the Cal PX have been resolved.

The Wind-up Agreement also authorized ABAG POWER to continue monitoring the issues preventing release of the Electric Program Funds until December 31, 2006, and to retain One Hundred Thousand dollars (\$100,000) (hold-back funds) to pay for doing so. Since the issues had not been resolved by 2006, the ABAG POWER Board authorized staff to continue to monitor these issues utilizing the remainder of the hold-back funds. As of June 30, 2008, approximately \$7,000 remained of these funds.

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\* Interest accrual and expected refund allocations have subsequently increased this amount.

Re: Electric Program Status

October 20, 2008

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**Recommendation.** Staff recommends that once the remaining hold-back funds are depleted ABAG staff passively monitor the on-going issues related to the Electric Program Funds. Any costs associated with this monitoring activity will be accounted for separately, and at the time that the funds are recovered, ABAG will make a claim to ABAG POWER for reimbursement of these costs. At any time, should the costs of monitoring and/or recovering the deposits become significant relative to probable recovery, ABAG staff will immediately report this to the ABAG POWER Executive Committee so the Committee can decide whether to request additional funds from the former Electric Program Members, or whether to cease the activities.

/vm

cc: Henry Gardner, President, ABAG POWER

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



DATE: October 22, 2008

TO: ABAG POWER Board of Directors

FROM: Gerald L. Lahr, Manager, ABAG POWER

RE: **Staff Report on 2007-2008 Natural Gas Program**

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## Summary

The 2007-08 fiscal year saw natural gas prices that were counter to normal annual price fluctuations – i.e. this year saw significantly higher prices in the normally low-priced Spring and Summer “off-peak” periods, and lower prices in the normally “peak” winter period (January-February). By the end of the fiscal year, prices were at levels not seen since the post-Katrina period. For the year as a whole, PG&E-area natural gas prices ranged from approximately \$5.50/Dth in Aug.-Sep. to over \$12.00/Dth in June. However, since the early part of July 2008, natural gas prices have dropped dramatically, and spot market prices now stand below \$7.00/Dth.

For the past five years the Gas Program has operated with the dual, and often competing, goals of *Cost Savings* and *Price Stability*. To meet these goals the program has implemented a gas purchasing strategy that emphasizes multiple layers of long-term, fixed-price contracts for a majority of its gas load, while a smaller portion of gas is purchased with short-term, indexed-based contracts. This strategy has generally resulted in positive savings during times of rising markets, and negative savings during falling markets, while maintaining price stability. The Natural Gas Program’s net savings for the year ending June 30, 2008 is 7.3%, while the average savings for the period January 2003 to present is approximately 1.5%. During this entire period the Program has achieved greater price stability than PG&E.

## Background

During the early years of the ABAG Natural Gas Aggregation Program (Program), gas was purchased almost exclusively based on a rate tied to an industry index. This gas purchasing strategy ultimately led to significant volatility and rate modifications. ABAG POWER subsequently revised its strategy to include a large majority of gas purchased from a single fixed-price contract. While having the desired effect of stabilizing program costs, this put the program at risk of not being able to take advantage of downward movements in the gas market.

Subsequent to these events (early 2002) the ABAG POWER Executive Committee conducted a review of the Gas Aggregation Program to more fully evaluate the various opportunities and challenges. As a result of this review the Committee approved:

- **A restatement of the program goals:**

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



- Price Stability. It is desirable that the Program's purchasing strategy and costs allocation methods be such that will provide members a reasonable degree of certainty of the costs to be shared within any given program year.
- Cost Savings. Given the desire for price stability, the Program shall attempt to provide gas procurement services for less than the equivalent services provided by the default provider (i.e. PG&E).
- **A revised natural gas purchasing strategy:**
  - While recognizing that no purchasing strategy is perfect or risk-free, staff shall purchase natural gas at the lowest reasonable cost while taking advantage of longer-term contracts in order to stabilize prices. This includes fixed-price contracts of up to three years for approximately 50% of the program load, and one year contracts for another 25% of the estimated load.

In its discussions during the review, the Committee felt it was important for members to understand that rate stability was a major element of the Program's future viability, and that while cost savings would continue to be a primary goal, it could not be fairly represented as the sole reason for staying with the Program.

### **Fiscal Year 2007 – 08.**

During the recently completed fiscal year, ABAG POWER purchased 68% of its gas with forward, fixed-price gas supply contracts.<sup>1</sup> The remaining gas requirements were purchased in monthly or daily blocks with the price tied to a market index.<sup>2</sup> During the year the Program's gas costs ranged from a low of \$4.92/Dth for monthly, index-based gas in September, up to a high of \$12.83/Dth for day-gas in June. Ultimately, ABAG POWER's annual weighted average price was approximately 7.3% lower than PG&E's similar total rate (GNR-1). Due to the Program's levelized billing structure, ABAG POWER's monthly rates were more stable than PG&E's rates throughout the year.

### **Long Term Program Achievements.**

During the period January 2003 – June 2008 ABAG POWER has achieved a total average gas savings<sup>3</sup> of +1.5%, with an average annual range of +9% to -14%. In addition, ABAG POWER's gas prices were significantly more stable than PG&E's during this period. The reasons for the variations in savings rates are primarily two fold:

- While ABAG POWER's fixed price contracts produce greater stability, at times these contract prices will be above the monthly and daily indices that are primarily followed by PG&E.
- In 2006 ABAG POWER recorded a charge on its financial reports to counteract the Program's negative Operating Imbalance with PG&E. This charge disproportionately affected the single

<sup>1</sup> Contracts greater than one month in length. Purchases staged throughout the year.

<sup>2</sup> National Gas Intelligence's (NGI's) monthly Bidweek index, or the Gas Daily's daily index for the appropriate delivery point.

<sup>3</sup> Compared to PG&E's GNR-1 rate.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



year's financial statements when, in hindsight, it more appropriately would have been spread over the previous few years.

Throughout this period the Program's prices have continued to be more stable than PG&E's. This is due to a strategy that relies more heavily on longer-term, fixed-price purchases, as well as the leveled billing system.

### **Operations and Scheduling.**

**Scheduling.** Interstate Gas Services (IGS) provided gas scheduling services for ABAG POWER's gas load through the end of June 2008. During this past Spring, ABAG POWER conducted an RFP for gas scheduling services beginning in July, and ultimately selected Golden Valley Gas Services. The program continues to schedule deliveries to take full advantage of the preferential transportation capacity that PG&E is required to offer to the program.

**Gas Purchase Agreements.** ABAG POWER continues to seek out gas suppliers that may provide benefits to its portfolio. The program currently maintains master gas purchase contracts with the following suppliers:

- Allied Energy Resources
- BP Energy
- Cook Inlet Energy Supply
- Shell Energy North America (formerly Coral Energy)
- Occidental Energy Marketing, Inc. (subsidiary of Occidental Petroleum)
- Pacific Summit Energy (subsidiary of Sumitomo Corp.)
- Sierra Southwest (Touchstone Energy Cooperative)
- Utility Resource Solutions (Spark Energy)

**Billing.** ABAG POWER continues to provide "ESP Consolidated Billing" services for all core accounts utilizing Electronic Data Interchange (EDI) processing. Under this option members receive only one bill with both ABAG POWER and PG&E charges. EDI processing is not available for noncore accounts, so these are billed using the "Dual Billing" option. Under Dual Billing PG&E sends a separate bill with just transportation and miscellaneous charges (i.e. no commodity charge).

ABAG POWER maintains its own internal system that provides for "leveled" billing. Every member is invoiced for a set amount each month that represents 1/12 of the annual cost estimate for that member. Along with the monthly leveled invoice, the program sends each member a detailed report showing the actual usage for each account. After the end of the fiscal year the actual costs for each member are compared to the leveled billings, and a credit or charge is then applied to true-up any difference.

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



**Storage.** Core aggregation programs such as ABAG POWER are required to maintain certain gas storage requirements throughout the year. For the past three annual storage cycles,<sup>4</sup> beginning in April 2006, ABAG POWER has chosen to contract with PG&E to meet the coming year's storage requirements.

## Financial

The total cost of the natural gas program for 2007-2008 decreased from the previous fiscal year by 4%: from \$10.5 million to \$10.1 million. This was primarily the result of a decrease in the Program's total gas commodity expense, and came in spite of a 3% increase in gas consumption. A review of each major program cost element is summarized below:

**Natural Gas Commodity Cost.** The natural gas commodity cost decreased from \$7.7 million in 2006-07 to \$7.4 million for the 2007-2008 program year even though the Program's overall usage increased slightly. This total was significantly below the budgeted amount of \$8.2 million. The commodity portion of program costs is composed of: (1) natural gas purchases from gas suppliers for monthly consumption, (2) shrinkage, (3) required storage, and (4) additional costs to transport the gas to PG&E's distribution system. The natural gas commodity costs represented 72.0% of the total program costs for the year. The Program's total gas consumption increased from 9,219,000 to 9,510,000 therms.

**Transportation and Distribution Costs.**<sup>5</sup> A major cost of the natural gas program is the amount charged for the transportation and distribution of natural gas to customers. During the past fiscal year these costs totaled approximately \$2.5 million representing a 2.7% decrease from the prior year. The great majority of these costs are charged by PG&E to all customers and are subject to regulation by the CPUC ("PG&E Passthrough" costs). A small portion (approximately 4%) of the Program's transportation costs vary depending on the path used to deliver the gas onto PG&E's distribution system, and are included as a "Cost of Energy Used" for financial reporting. During the past year the relative impact of the T&D costs was 24.6% of total program costs. The lower distribution costs this past fiscal year were the result of a realignment of PG&E's distribution rates that resulted in lower costs for certain customer classes.

**Program Expenses.** The remaining costs of the program are the expenses for billing services, gas program scheduling and administrative support, including financial and legal services. The cost of these services was approximately \$346,500 or about 3.4% of the total program cost.

**Working Capital Deposits.** The ABAG POWER natural gas program agreement requires that each new member of the program provide a deposit equal to two times their estimated monthly charges (Working Capital Deposit). These funds are kept on deposit with the program and are refunded to members if they leave the program. The total deposit amount is generally reviewed on an annual basis to ensure the program has adequate cash reserves to meet all its payment obligations.

<sup>4</sup> Annual Storage Cycle: April - March

<sup>5</sup> Distribution costs for noncore accounts are paid by the agency directly to PG&E, and are therefore not included in ABAG POWER's financial reports.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

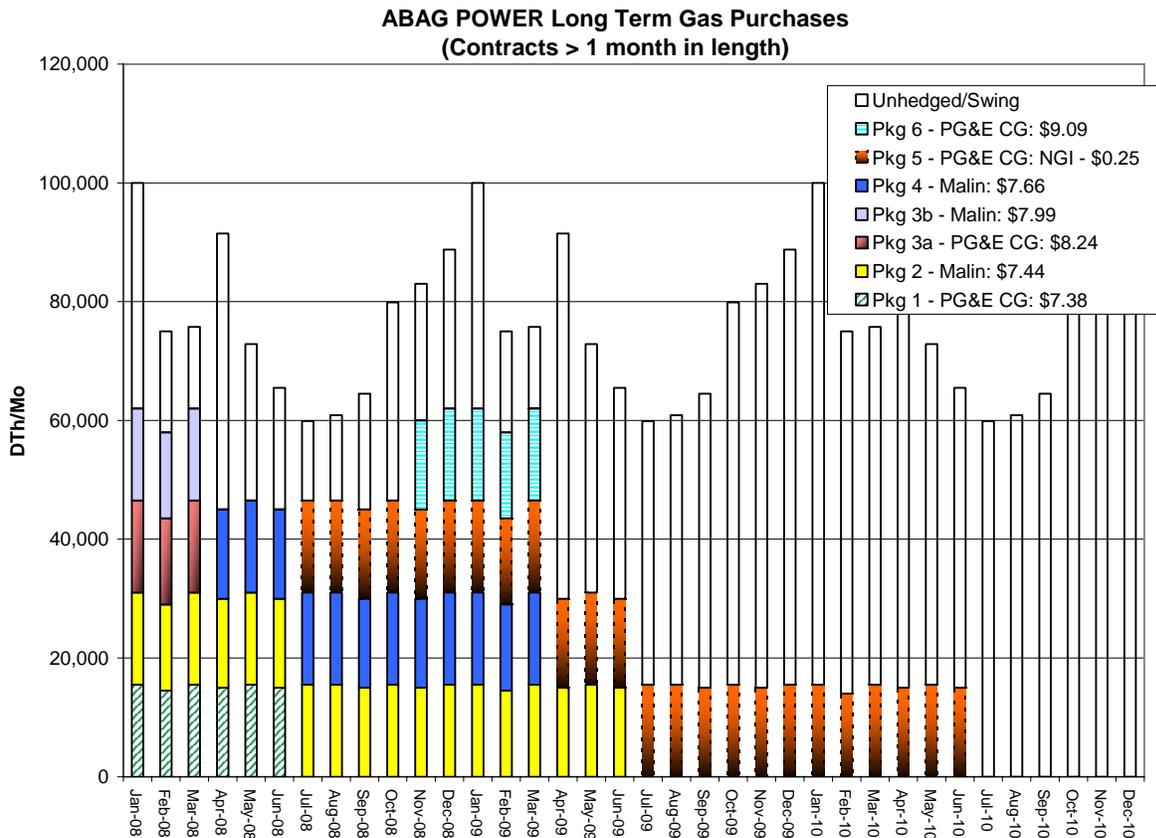
Attachment A



As of June 30, 2008 the gas program had a total Working Capital Deposit of: \$1,720,735, which represented 1.5 months worth of currently budgeted expenditures. In August, due to increased commodity costs, the Executive Committee approved an increase to the Working Capital Deposits in the amount of \$300,000 for a total deposit amount of \$2,020,735. It was also decided that the total deposits would be re-adjusted among members in proportion to their annual estimated gas usage.

### Conclusion

The goals of ABAG POWER’s Natural Gas Program are to provide natural gas at a rate competitive with, or less than, the default provider (i.e. PG&E), while at the same time providing a rate that is stable and predictable. These goals require a balance between the need to have a large percentage of gas in long-range, fixed-price contracts or other hedge instrument, and the desire not to lock the program into higher than market rates. ABAG POWER currently maintains a hedged position of approximately 45% for FY 2008-09 (see chart below). Based on the program’s current strategy, ABAG POWER will continue to look to the forward gas commodity markets to increase its overall hedged position to as much as 75% as favorable buying opportunities become available.



# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



During the coming year we will continue to evaluate the Program's gas purchasing strategy to best maximize the goals of the Program: *Cost Savings* and *Price Stability*. ABAG POWER will also be looking for opportunities to aid members in all areas of energy management such as the ABAG Energy Watch program that is currently being implemented jointly with PG&E.

We look forward to working with you during the coming year to make this program responsive to the needs of its member agencies.

/vm

**ABAG POWER**

**Agenda Item #6  
Attachment B**

**Gas Price Comparison 2003 - Present**

Calendar Year	ABAG POWER Avg. Rate*	PG&E Core Proc. Avg. (GNR-1)*	ABAG POWER Core Usage (Dths)			Avg. Market Rates (Commodity only)	
				Savings	% Savings	NGI FOM Index	Gas Daily Avg Index
2003	5.37	5.83	780,486	\$ 358,551	7.9%	5.20	5.02
2004	5.62	5.88	756,084	\$ 199,470	4.5%	5.85	5.74
2005	7.92	8.28	771,504	\$ 280,282	4.4%	7.73	7.92
2006	9.30	8.15	821,155	\$ (945,551)	-14.1%	6.70	6.47
2007	7.96	8.24	809,645	\$ 225,528	3.4%	6.86	6.89
2008**	8.41	9.27	460,616	\$ 392,741	9.2%	9.26	9.82
<hr/>							
Total Average	7.39	7.51	Grand Total:	\$ 511,021	1.5%	6.93	6.98
			(Weighted Avg.)				

\* Average weighted by monthly usage.

\*\* Jan. - Jun. period.



TO: Board of Directors  
ABAG POWER

DT: October 13, 2008

FM: Herbert L. Pike  
Chief Financial Officer

RE: Preliminary Financial Reports  
--June 2008

We are happy to present the preliminary financial reports for the fiscal year ending June 30, 2008. Highlights of these reports can be summarized as follows:

### **Electricity Pool**

As of June 30, 2008, the Electricity Pool has approximately \$7 thousand cash on hand, of which all but \$141.42 was invested in the Local Investment Agency Fund (LAIF). In accordance with the wind up agreement, we distributed to members in 2004 the remaining assets of the Electricity Pool and retained \$100,000 to cover residual administrative expenses going forward. During FY 07-08, we have withdrawn approximately \$24 thousand (net of interest earnings) to cover expenses, leaving a balance of about \$7 thousand as of June 30, 2008.

### **Natural Gas Pool**

As of June 30, 2008, the Natural Gas Pool has about \$5.3 million in total assets, including the \$3.2 million investment in LAIF. In FY 07-08, natural gas billings amounted to \$11.6 million, while total expenses were \$10.1 million (including offsetting interest income). The excess of revenues over expenses in the amount of roughly \$1.5 million was recorded as unearned revenues and will be returned to members as true-up adjustments in billings during FY 08-09. Included in the Cost of Energy Used figure of \$7.4 million is a negative adjustment of \$11 thousand representing the value of imbalance with PG&E (the difference between delivered gas and actual usage). This adjustment also created a receivable from PG&E of the same amount as of June 30. Going forward, staff will continue to monitor imbalance amounts and strive to keep them relatively low.

The balance of working capital, a refundable deposit from members, amounted to \$1.7 million as of June 30, 2008. During FY 07-08, the Executive Committee reviewed the need for working capital and decided to increase the working capital by \$300,000. The interest income earned in a year resulting from holding working capital will be included as part of the true-up adjustment in the following year.

All revenue and expense categories are within expectations and reasonable with respect to budget for FY 07-08. Our auditors are in the process of auditing these financial statements. We expect the audited financial report will be available in December.

## BALANCE SHEET

**ABAG POWER POOL**  
Period: JUN-08

	<i>Total</i> -----	<i>Natural Gas</i> -----	<i>Electricity</i> -----
<b>ASSETS</b>			
CASH IN BANK	1,574,162.68	1,574,021.26	141.42
LOCAL AGENCY INVEST. FUND	3,203,698.76	3,197,083.75	6,615.01
ACCT. REC. POWER POOL SALES	127,704.25	127,704.25	0.00
ACCT. REC. PG&E DISTRIBUTION	10,930.60	10,930.60	0.00
ACCR. INT. REC. LAIF	23,163.00	22,817.38	345.62
CAPITALIZED SOFTWARE	42,663.52	42,663.52	0.00
NATURAL GAS INVENTORY	306,221.34	306,221.34	0.00
	-----	-----	-----
<b>TOTAL ASSETS</b>	<u>5,288,544.15</u>	<u>5,281,442.10</u>	<u>7,102.05</u>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	1,839,636.50	1,837,698.11	1,938.39
PAYABLE TO POWER POOL CLIENTS	218,863.76	218,863.76	0.00
PAYABLE TO MEMBERS--CTC REVERSAL	5,163.66	0.00	5,163.66
UNEARNED ENERGY REVENUES	1,504,144.70	1,504,144.70	0.00
WORKING CAPITAL CLIENT DEPOSITS	1,720,735.53	1,720,735.53	0.00
	-----	-----	-----
<b>TOTAL LIABILITIES</b>	<u>5,288,544.15</u>	<u>5,281,442.10</u>	<u>7,102.05</u>
<b>FUND EQUITY</b>			
GENERAL EQUITY			
CURRENT YEAR SURPLUS/(DEFICIT)	0.00	0.00	0.00
	-----	-----	-----
<b>TOTAL GENERAL EQUITY</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	-----	-----	-----
<b>TOTAL FUND EQUITY</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	-----	-----	-----
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>5,288,544.15</u>	<u>5,281,442.10</u>	<u>7,102.05</u>

# INCOME STATEMENT

ABAG Power Pool - Natural Gas  
Period: JUN-08 Currency: USD

Agenda Item #7  
Attachment B2

	<i>FY Budget</i>	<i>Actual Year-to-date</i>	<i>% of Budget</i>	<i>Budget Balance</i>
<b>REVENUES</b>				
SALE OF ENERGY	11,515,449.00	10,089,326.53	87.62%	1,426,122.47
INTEREST INCOME	60,000.00	104,642.65	174.40%	(44,642.65)
<b>TOTAL REVENUES</b>	<u>11,575,449.00</u>	<u>10,193,969.18</u>	<u>88.07%</u>	<u>1,381,479.82</u>
<b>EXPENSES</b>				
<b>COST OF ENERGY</b>				
COST OF ENERGY USED	8,229,690.00	7,424,402.82	90.21 %	805,287.18
PG&E PASSTHROUGH	2,964,245.00	2,422,666.72	81.73 %	541,578.28
<b>TOTAL COST OF ENERGY</b>	<u>11,193,935.00</u>	<u>9,847,069.54</u>	<u>87.97 %</u>	<u>1,346,865.46</u>
<b>CONSULTANT SERVICES</b>				
LEGAL CONSULTANTS	5,000.00	0.00	0.00 %	5,000.00
BILLING AGENT FEES	9,500.00	(2,546.13)	26.80%	12,046.13
SCHEDULING AGENT FEES	45,816.00	42,731.29	93.27 %	3,084.71
ABAG FEES	305,977.00	289,063.73	94.47 %	16,913.27
<b>TOTAL CONSULTANT SERVICES</b>	<u>366,293.00</u>	<u>329,248.89</u>	<u>89.89 %</u>	<u>37,044.11</u>
<b>OTHER DIRECT CHARGES</b>				
INTEREST EXPENSE/BANK CHARGES	1,000.00	3,429.55	342.96 %	(2,429.55)
AMORTIZED SOFTWARE COSTS	14,221.00	14,221.20	100.00 %	(0.20)
<b>TOTAL OTHER DIRECT CHARGES</b>	<u>15,221.00</u>	<u>17,650.75</u>	<u>115.96 %</u>	<u>(2,429.75)</u>
<b>TOTAL EXPENSES</b>	<u>11,575,449.00</u>	<u>10,193,969.18</u>	<u>88.07 %</u>	<u>1,381,479.82</u>
<b>SURPLUS/(DEFICIT)</b>	<u>0.00</u>	<u>0.00</u>	n/m	<u>0.00</u>

# INCOME STATEMENT

ABAG Power Pool - Electric  
Period: JUN-08 Currency: USD

Agenda Item #7  
Attachment B3

	<i>FY Budget</i>	<i>Actual Year-to-date</i>	<i>% of Budget</i>	<i>Budget Balance</i>
<b>REVENUES</b>				
INTEREST INCOME	0.00	1,594.24	n/m	(1,594.24)
<b>TOTAL REVENUES</b>	<u>0.00</u>	<u>1,594.24</u>	<u>n/m</u>	<u>(1,594.24)</u>
<b>EXPENSES</b>				
CONSULTANT SERVICES				
ABAG FEES	24,241.00	23,010.97	94.93 %	1,230.03
<b>TOTAL CONSULTANT SERVICES</b>	<u>24,241.00</u>	<u>23,010.97</u>	<u>94.93 %</u>	<u>1,230.03</u>
OTHER DIRECT CHARGES				
INTEREST EXPENSE/BANK CHARGES	0.00	2,630.91	n/m	(2,630.91)
TRANSFER TO MEMBERS BALANCE ACCT	(24,241.00)	(24,047.64)	99.20 %	(193.36)
<b>TOTAL OTHER DIRECT CHARGES</b>	<u>(24,241.00)</u>	<u>(21,416.73)</u>	<u>88.35 %</u>	<u>(2,824.27)</u>
<b>TOTAL EXPENSES</b>	<u>0.00</u>	<u>1,594.24</u>	<u>n/m</u>	<u>(1,594.24)</u>
<b>SURPLUS/(DEFICIT)</b>	<u>0.00</u>	<u>0.00</u>	<u>n/m</u>	<u>0.00</u>

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #8

Representing City and County Governments of the San Francisco Bay Area

Attachment A



DT: October 23, 2008

TO: ABAG POWER Board

FM: ABAG POWER Executive Committee

Via: Gerald L. Lahr, ABAG POWER Program Manager

RE: **Recommendation for Use of Proceeds from Natural Gas Litigation**

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## Summary

In 2004, ABAG POWER became a plaintiff in litigation dealing with the manipulation of the natural gas markets. This litigation is expected to resolve in the near future with the result that ABAG POWER will receive approximately \$400,000 in net proceeds from this effort (see June 30, 2008 memo for additional details). The Executive Committee recommends that the proceeds be dedicated to current and future infrastructure needs of ABAG POWER. To that end, and to address immediate term needs, the Committee recommends adding a comprehensive (natural gas and electricity) energy management capability to the current billing system.

## Analysis

The Executive Committee has considered ways these funds might be utilized for the common benefit of the ABAG POWER program and its members. The committee concluded that the proceeds should be used for infrastructure and other capital improvements, as opposed to offsetting standard operational expenses.

The committee recommends the initial infrastructure investment should be an upgrade to the billing system as follows:

Energy Data System Upgrade. Expand ABAG POWER's current energy data management and Electronic Data Interchange (EDI) systems to include the receipt of PG&E electric billing data for members. This would allow potential benefits that include:

- Accurate tracking and reporting of complete energy data (i.e. both gas and electric) for member accounts.
- Benchmarking and comparing facility usage and trends that can help target efficiency efforts.
- Improved forecasting and budgeting energy costs.
- Access to both electric and gas bills and analysis reports through the internet.

The implementation of this effort would likely be conducted in two phases:

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #8

Representing City and County Governments of the San Francisco Bay Area

Attachment A



Phase I Pilot. Implement electric EDI and UM Online for one of ABAG POWER's current members. (Approximate cost: \$13,000.)

Phase II Full Implementation. Pending a successful pilot, the program would be expanded to all members who choose to participate.

Concurrently, staff will investigate opportunities for agencies to individually process bills via EDI and to jointly participate in bill auditing services.

Additionally staff will investigate the creation of unique billing reports that will allow for enhanced accounting analysis and energy management.

Earlier this year an allocation methodology was developed that prorates the proceeds and litigation costs to members based on each agency's natural gas usage during the relevant litigation period<sup>1</sup> (see attached). This methodology was transmitted to members for comment on June 30<sup>th</sup>. To date no adverse comments have been received. Litigation proceeds allocated to agencies that are not current members of the ABAG POWER Natural Gas Program shall be distributed to the individual agencies.

## Recommendation

The Executive Committee and staff recommend that upon receipt of the final proceeds of the natural gas litigation:

- ABAG POWER retain the portion of proceeds allocable to current natural gas program participants.
- Place funds in an interest bearing account dedicated for infrastructure improvements to the ABAG POWER program that provide benefits to the general membership as directed by the ABAG POWER Board or Executive Committee.
- Authorize an initial expenditure of up to \$50,000 for the Energy Data System Upgrade.
- At any time, should the ABAG POWER Executive Committee or Board deem appropriate, they may direct that the remainder (or any portion) of these proceeds be distributed to members in accordance with the approved allocation methodology.

/vm

Attachment: Allocation Schedule

cc: Henry Gardner, President, ABAG POWER  
Herbert Pike, Finance Director, ABAG  
Kenneth Moy, Legal Counsel, ABAG

<sup>1</sup> Relevant Litigation Period: Jun. 2000 – Dec. 2002.

**Gas Litigation Proceeds Allocation**

Total Litigation Proceeds **\$440,000**  
 Gas Litigation Costs\* **\$70,913**

Current Members	Total Usage Jun '00 - Dec '02**	% of Total	% of Group	Allocation of Costs	Litigation Proceeds Allocation	Re-allocation of Costs	Total Distribution
Alameda, City	357,225	1.77%	1.99%	\$ 1,254.81	\$ 7,785.77	\$ 153.14	\$ 7,938.91
Albany, City	58,488	0.29%	0.33%	205.45	1,274.76	25.07	1,299.83
Atherton, Town	14,975	0.07%	0.08%	52.60	326.38	6.42	332.80
Benicia, City	224,002	1.11%	1.24%	786.84	4,882.16	96.03	4,978.19
Contra Costa County	4,378,993	21.69%	24.34%	15,381.88	95,440.84	1,877.25	97,318.08
Cupertino, City	148,205	0.73%	0.82%	520.59	3,230.15	63.53	3,293.69
Eastside Union H.S. District	80,100	0.40%	0.45%	281.36	1,745.79	34.34	1,780.13
Fremont, City	585,431	2.90%	3.25%	2,056.42	12,759.56	250.97	13,010.53
Golden Gate Bridge	195,016	0.97%	1.08%	685.02	4,250.40	83.60	4,334.01
Gonzales, City	24,430	0.12%	0.14%	85.81	532.46	10.47	542.93
Half Moon Bay, City	8,870	0.04%	0.05%	31.16	193.32	3.80	197.13
Hercules, City	88,256	0.44%	0.49%	310.01	1,923.55	37.83	1,961.39
Los Altos, City	102,520	0.51%	0.57%	360.12	2,234.44	43.95	2,278.39
Mill Valley, City	158,941	0.79%	0.88%	558.30	3,464.14	68.14	3,532.28
Millbrae, City	67,576	0.33%	0.38%	237.37	1,472.83	28.97	1,501.80
Milpitas, City	240,252	1.19%	1.34%	843.92	5,236.33	102.99	5,339.32
Monte-Sereno, City	2,261	0.01%	0.01%	7.94	49.28	0.97	50.25
Moraga, Town	24,245	0.12%	0.13%	85.16	528.42	10.39	538.82
Napa County001	5,801	0.03%	0.03%	20.38	126.43	2.49	128.92
Napa County002	49,928	0.25%	0.28%	175.38	1,088.19	21.40	1,109.59
Napa County003	32,753	0.16%	0.18%	115.05	713.86	14.04	727.90
Napa County004	21,801	0.11%	0.12%	76.58	475.16	9.35	484.50
Napa County005	317,711	1.57%	1.77%	1,116.01	6,924.56	136.20	7,060.76
Oakland, City	2,419,375	11.98%	13.45%	8,498.42	52,730.66	1,037.17	53,767.83
Oakland Zoological	35,150	0.17%	0.20%	123.47	766.10	15.07	781.17
Orinda, City	17,853	0.09%	0.10%	62.71	389.11	7.65	396.76
Pacifica, City	85,942	0.43%	0.48%	301.88	1,873.12	36.84	1,909.96
Petaluma, City	66,012	0.33%	0.37%	231.88	1,438.74	28.30	1,467.04
Pleasanton, City	386,851	1.92%	2.15%	1,358.87	8,431.48	165.84	8,597.32
Regional Admin. Facility	91,590	0.45%	0.51%	321.72	1,996.22	39.26	2,035.48
Richmond, City	403,908	2.00%	2.24%	1,418.79	8,803.24	173.15	8,976.39
Salinas, City	573,725	2.84%	3.19%	2,015.30	12,504.43	245.95	12,750.38
San Carlos, City	162,568	0.81%	0.90%	571.04	3,543.19	69.69	3,612.89
San Mateo County SANACPC006	1,311,673	6.50%	7.29%	4,607.45	28,588.12	562.31	29,150.42
San Mateo County SANACPC007	522,263	2.59%	2.90%	1,834.53	11,382.80	223.89	11,606.69
San Mateo County SANACPC008	7,055	0.03%	0.04%	24.78	153.76	3.02	156.79
San Mateo County SANACPC009	5,858	0.03%	0.03%	20.58	127.68	2.51	130.19
San Mateo County SANACPC011	2,041	0.01%	0.01%	7.17	44.48	0.87	45.36
San Rafael, City	109,188	0.54%	0.61%	383.54	2,379.77	46.81	2,426.58
Santa Clara County	2,107,458	10.44%	11.71%	7,402.77	45,932.38	903.45	46,835.83
Santa Rosa, City	670,388	3.32%	3.73%	2,354.84	14,611.21	287.39	14,898.60
Saratoga, City	37,064	0.18%	0.21%	130.19	807.82	15.89	823.70
Union City	59,603	0.30%	0.33%	209.36	1,299.06	25.55	1,324.61
Vallejo, City	1,458,664	7.23%	8.11%	5,123.78	31,791.81	625.32	32,417.13
Vallejo Sani.& Flood Control Dist	48,871	0.24%	0.27%	171.67	1,065.15	20.95	1,086.10
Watsonville, City	210,859	1.04%	1.17%	740.67	4,595.70	90.39	4,686.10
Winters, City	10,422	0.05%	0.06%	36.61	227.15	4.47	231.62
<b>Total Current Members</b>	<b>17,992,161</b>	<b>89.12%</b>	<b>100.00%</b>	<b>\$ 63,200.21</b>	<b>\$ 392,141.96</b>	<b>\$ 7,713.12</b>	<b>\$ 399,855.08</b>
<b>Opt-out Members</b>							
Belmont, City	86,583	0.43%	3.94%	\$ 304.14	\$ 1,887.09	\$ (304.14)	\$ 1,582.95
Daly, City	296,001	1.47%	13.48%	1,039.75	6,451.39	(1,039.75)	5,411.64
El Cerrito, City	0	0.00%	0.00%	-	-	-	-

**Gas Litigation Proceeds Allocation**

Total Litigation Proceeds **\$440,000**  
Gas Litigation Costs\* **\$70,913**

Current Members	Total Usage Jun '00 - Dec '02**	% of Total	% of Group	Allocation of Costs	Litigation Proceeds Allocation	Re-allocation of Costs	Total Distribution
Foster City	105,910	0.52%	4.82%	372.03	2,308.32	(372.03)	1,936.30
Hillsborough, Town	15,251	0.08%	0.69%	53.57	332.40	(53.57)	278.83
Menlo Park, City	347,975	1.72%	15.85%	1,222.32	7,584.17	(1,222.32)	6,361.85
Pinole, City	139,209	0.69%	6.34%	488.99	3,034.08	(488.99)	2,545.09
San Leandro, City	0	0.00%	0.00%	-	-	-	-
San Mateo, City	995,318	4.93%	45.33%	3,496.21	21,693.11	(3,496.21)	18,196.91
Sebastopol, City	96,519	0.48%	4.40%	339.04	2,103.65	(339.04)	1,764.61
Vacaville, City	113,045	0.56%	5.15%	397.09	2,463.83	(397.09)	2,066.75
<b>Total Opt-out Members</b>	<b>2,195,811</b>	<b>10.88%</b>	<b>100.00%</b>	<b>\$ 7,713.12</b>	<b>\$ 47,858.04</b>	<b>\$ (7,713.12)</b>	<b>\$ 40,144.92</b>
<b>Grand Total</b>	<b>20,187,972</b>	<b>100.00%</b>		<b>\$ 70,913.33</b>	<b>\$ 440,000.00</b>	<b>\$ -</b>	<b>\$ 440,000.00</b>

\*During the four fiscal years beginning July 2004, ABAG POWER budgeted 5% of the Program Manager's time and 5% of the Program Assistant's time to the gas litigation tasks. These costs were included in the program fees charged to gas program participants.

\*\* Usage for period Jun 2000 - Jun 2002 taken from the worksheet used to calculate the true-up in October 2002. Usage for period Jul 2002 - Dec 2002 taken from the 2002-03 true-up worksheet.



**ABAG POWER  
ANNUAL BOARD MEETING**

**October 30, 2008 (10:00 a.m. to 1:00 p.m.)**

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

**Chairman: Ed Buonaccorsi**

1. **Welcome** Buonaccorsi  
ATTACHMENT A - ABAG POWER JPA MEMBER LIST
2. **Public Comments** Buonaccorsi
3. **Approval of Minutes from October 17, 2007 Annual Board Meeting** Buonaccorsi **Action**  
ATTACHMENT A - MINUTES OF OCTOBER 17, 2007
4. **Election of ABAG POWER Officers (Chair and Vice Chair)** Buonaccorsi **Action**  
ATTACHMENT A - PROPOSED EXECUTIVE COMMITTEE FOR FY 08-09
5. **Status of Electric Program Funds** Lahr/Moy **Action**  
Staff will discuss the status of the remaining Electric Program funds held in escrow, and the need for continued monitoring of activities.  
ATTACHMENT A – ELECTRIC PROGRAM STATUS MEMO
6. **Staff Report and Review of Natural Gas Program** Lahr **Info.**  
Staff will report the results of the Natural Gas Program for the 2007 – 2008 fiscal year, as well as provide multi-year review of the Program.  
ATTACHMENT A - STAFF REPORT ON NATURAL GAS PROGRAM  
ATTACHMENT B - GAS PRICE COMPARISON SPREADSHEET
7. **Financial Review** Pike **Info.**  
Staff will review preliminary financial statements for FY 2007-08  
ATTACHMENT A - FINANCIAL REPORTS MEMO  
ATTACHMENT B.1.2.3. – PRELIMINARY FINANCIAL REPORTS
8. **Natural Gas Litigation** Lahr/Moy **Action**  
Staff will discuss the status/outcome of the natural gas litigation and present a recommendation for the allocation of proceeds.  
ATTACHMENT A –RECOMMENDATION FOR USE OF PROCEEDS FROM NATURAL GAS LITIGATION  
ATTACHMENT B - PROPOSED ALLOCATION
9. **ABAG Energy Watch/ Green Communities** Lahr **Info.**  
Staff will provide a status update and a review of the ABAG Energy Watch program.

**Break for Lunch**

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

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**11. Guest Speaker**

Stephen Compagni Portis, visiting scholar at UC Berkeley and founder of the company "Renewable Funding" will discuss the BerkeleyFIRST model of financing solar and energy efficiency projects.

Info.

**12. Final Remarks**

Chairman's final remarks.

Buonaccorsi Info.

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

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

**ABAG POWER Board of Directors (JPA Membership)**

Total JPA Membership = 67  
Current Gas Members = 38

Jurisdiction	Primary & Alternate	Membership Status	
		Natural Gas Member (Current)	Current JPA Member Was Electric (Suspended) and/or Gas Member (opted out)
Alameda, City of	Margaret Mc Lean (P) Pam Sibley (A)	Gas	
Albany, City of	Charles Adams (P)	Gas	Electric
Antioch, City of	Dawn Merchant (P) Jim Jakel (A)		Electric
Arcata, City of	John Raley (P)		Electric
Belmont, City of	Jack Crist (P) Karl Mittelstadt (A)		Gas (Opted-Out)
Benicia, City of	Robert Sousa (P) James Erickson (A)	Gas	Electric
Berkeley, City of	Neal De Snoo (P)		Electric
Cloverdale, City of	Nina D. Regor (P)		Electric
Cotati, City of	Dianne Thompson (P)		Electric
Cupertino, City of	Carol Atwood (P)	Gas	Electric
Daly City, City of	Don McVey (P)		Electric Gas (Opted-Out)
Davis, City of	Bob Weir (P) Sue Gedestad (A)		Electric
El Cerrito, City of	Scott Hanin (P) Garth Schultz (A)		Electric
Foster City, City of	Ray Towne (P)		Electric Gas (Opted-Out)
Fremont, City of	Harriet Commons (P) Don Dorman (A)	Gas	
Gonzales, City of	Rene Mendez (P)	Gas	Electric
Half Moon Bay, City of	Hector Lwin (P) Paula Krogh (A)	Gas	Electric
Hercules, City of	Raj Pankhania (P) Tim Hansen (A)	Gas	Electric
Los Altos, City of	Douglas J. Schmitz (P)	Gas	Electric
Menlo Park, City of	Glen Rojas (P) Carol Augustine (A)		Electric Gas (Opted-Out)

Jurisdiction	Primary & Alternate	Membership Status	
		Natural Gas Member (Current)	Current JPA Member Was Electric (Suspended) and/or Gas Member (opted out)
Mill Valley, City of	Eric Erickson (P)	Gas	Electric
Millbrae, City of	Ron (Pope) Popp (P) Ralph Petty (A)	Gas	Electric
Milpitas, City of	Emma Karlen (P) Chris Schroeder (A)	Gas	Electric
Monte Sereno, City of	Brian Loventhal (P)	Gas	
Newark, City of	Peggy Claassen (P)		Electric
Oakland, City of	Scott Wentworth (P)	Gas	
Orinda, City of	Janet Keeter (P) Beverli Marshall (A)	Gas	Electric
Pacifica, City of	Ann Ritzma (P) Sandra McClellan (A)	Gas	Electric
Patterson, City of	M. Cleve Morris (P)		
Petaluma, City of	Vincent Marengo (P) Michael Ban (A)	Gas	Electric
Pinole, City of	Charles A. Long (P)		Electric Gas (Opted-Out)
Pleasanton, City of	Julie Yuan-Miu (P) Daniel Smith (A)	Gas	Electric
Richmond, City of	Yader Bermudez (P)	Gas	
Salinas, City of	Miguel Gutierrez (P)	Gas	Electric
San Carlos, City of	Jeff Maltbie (P)	Gas	Electric
San Leandro, City of	John J. Jermanis (P) Mike Bakaldin (A)		Electric
San Mateo, City of	Hossein Golestan (P)		Electric Gas (Opted-Out)
San Pablo, City of	Bradley J. Ward (P) Brock Arner (A)		Electric
San Rafael, City of	Kenneth Nordhoff (P)	Gas	
Santa Rosa, City of	Ed Buonaccorsi (P)	Gas	Electric
Saratoga, City of	Thomas Scott (P) Dave Anderson (A)	Gas	Electric

Jurisdiction	Primary & Alternate	Membership Status	
		Natural Gas Member (Current)	Current JPA Member Was Electric (Suspended) and/or Gas Member (opted out)
Sebastopol, City of	Ron Puccineli (P)		Gas (Opted-Out)
Union City, City of	Richard Sealana (P)	Gas	Electric
Vallejo, City of	John Cerini (P)	Gas	Electric
Watsonville, City of	Gabriel Gordo (P) Bob Geyer (A)	Gas	
Winters, City of	John Donlevy (P) Shelly Gunby (A)	Gas	Electric
Atherton, Town of	Jerry Gruber (P)	Gas	Electric
Hillsborough, Town of	Edna Masbad (P)		Electric Gas (Opted-Out)
Los Altos Hills, Town of	Carl Cahill (P)		Electric
Moraga, Town of	Jill Mercurio (P)	Gas	Electric
Windsor, Town of	James McAdler (P)		Electric
Butte, County of	Richards L. Hall (A)		Electric
Contra Costa, County of	Terry Mann (P) Becky Eaton (A)	Gas	Electric
Monterey, County of	Mario Salazar (P)		Electric
Napa, County of	Michael Stoltz (P) Kimberly Payne (A)	Gas	Electric
San Mateo, County of	Doug Koenig (P) Gary Behrens (A)	Gas	Electric
Santa Clara, County of	Lin Ortega (P) Jeff Draper (A)	Gas	
Sonoma, County of	John Haig (P) Gary Rodrigues (A)		Electric
Eastside Union High School Dist.	John Lawrence (P)	Gas	
Golden Gate Bridge District	Jennifer Mennucci (P)	Gas	Electric
H.A.R.D.	Larry Lepore (P) Karl Zabel (A)		Electric
Housing Authority County of Alameda	Tom Makin (P) Christine Gouig (A)		Electric
Los Trancos County Water Dst.	Vacant (P)		Electric

Jurisdiction	Primary & Alternate	Membership Status	
		Natural Gas Member (Current)	Current JPA Member Was Electric (Suspended) and/or Gas Member (opted out)
R.A.F.C.	Teri Green (P) Robert Hoffman (A)	Gas	Electric
South County Fire Authority	Doug Fry (P)		Electric
Vallejo Sanitary & Flood Control	Barry Pomeroy (P) Ron Matheson (A)	Gas	
West County Wastewater District	Brian Hill (P)		Electric



# SUMMARY MINUTES

**ABAG POWER Annual Board of Directors' Meeting 2007**

October 17, 2007

Joseph P Bort MetroCenter

101 Eighth Street, Oakland, CA 94607-4756

## WELCOME

Chairman Ed Buonaccorsi opened the meeting of the ABAG POWER Board of Directors' with introductions at 10:30 a.m.

The agencies having a representative at this meeting and constituting a quorum were as follows:

### Jurisdictions Represented

City of Alameda  
 City of Benicia  
 City of Cupertino  
 City of El Cerrito  
 City of Fremont  
 City of Half Moon Bay  
 City of Hercules  
 City of Millbrae  
 City of Milpitas  
 City of Pacifica  
 City of Pleasanton  
 City of Richmond  
 City of San Mateo  
 City of Santa Rosa  
 City of Saratoga  
 City of Union City  
 City of Vallejo  
 City of Watsonville  
 County of Contra Costa  
 County of Napa  
 County of Santa Clara  
 Golden Gate Bridge & Highway District  
 H.A.R.D.  
 Housing Authority for the County of Alameda  
 RAFC

### Committee Representatives

Marge McLean  
 Robert Sousa  
 David Woo  
 Bruce King  
 Don Dorman  
 Paula Krogh  
 Raj Pankhania  
 Ron Popp  
 Chris Schroeder  
 Ann Ritzma  
 Scott R. Baker  
 Ralph Lloyd  
 Hossein Golestan  
 Ed Buonaccorsi  
 Thomas Scott  
 Richard Sealana  
 John Cerini  
 Gabriel Gordo  
 Terry Mann  
 Martha Burdick/Kimberly Payne  
 Lin Ortega/Stephen McNulty  
 Jennifer Mennucci  
 Karl Zabel  
 Tom Makin  
 Teri Green

**Other Members/Guests Present**

City of Santa Monica  
Energy Solutions

Susan Munves (Speaker)  
Bruce Chamberlain (Speaker)

**Staff:**

Cheryl Adsit  
Joseph Chan  
Henry L. Gardner  
Jerry Lahr  
Kenneth Moy  
Vina Maharaj

ABAG  
ABAG  
ABAG  
ABAG POWER  
ABAG (via teleconference for closed session only)  
ABAG POWER

**PUBLIC COMMENTS**

There were no public comments.

**CHAIRMAN'S OPENING REMARKS**

Chairman Buonaccorsi welcomed the board members and provided a brief history and a general overview of the ABAG POWER Program. He introduced and extended a special acknowledgment to the 2006-07 Executive Committee and the ABAG POWER Staff.

**APPROVAL OF SUMMARY MINUTES OF OCTOBER 18, 2006 ANNUAL BOARD MEETING**

Motion was made by Popp/S/Mennucci/25:0:0/C/ to approve the Summary Minutes of October 18, 2006 ABAG POWER Annual Board of Directors' meeting.

**ELECTION OF ABAG POWER OFFICERS (CHAIR AND VICE CHAIR)**

Motion was made by Popp/S/Baker/25:0:0/C/ to elect Ed Buonaccorsi of the City of Santa Rosa as Chairman and John Cerini of the City of Vallejo as Vice-Chairman of the ABAG POWER Executive Committee for program year 2007-08.

**CONFIRMATION OF EXECUTIVE COMMITTEE MEMBERS**

Motion was made by Schroeder/S/Sousa/25:0:0/C/ to approve the proposed ABAG POWER Executive Committee for program year 2007-2008 as follows:

Scott R. Baker, City of Pleasanton  
Ed Buonaccorsi, City of Santa Rosa  
John Cerini, City of Vallejo  
Terry Mann, County of Contra Costa  
Jennifer Mennucci, Golden Gate Bridge, Highway & Transportation District  
Raj Pankhania, City of Hercules  
Ron Popp, City of Millbrae



### **FINANCIAL REVIEW FOR FY 06-07**

Joseph Chan presented the preliminary financial reports for fiscal year ending June 30, 2007. Chan said that all revenues and expense categories were within expectations and reasonable with respect to the budget for FY 06-07. Auditors were in the process of auditing the financial statements, which will be available by December, 2007.

### **STATUS OF ELECTRIC PROGRAM FUNDS**

Jerry Lahr provided the members with a background, prior year actions and outstanding issues related to the electric program activities affecting the ISO/PX Escrow funds.

Motion was made by Baker/S/Green/25:0:0 /C/ as follows:

1. To continue monitoring activities through December 31, 2008;
2. Pay for monitoring from \$100k hold-back fund, and
3. Consult Executive Committee should additional funds become necessary.

### **STAFF REVIEW OF NATURAL GAS PROGRAM AND DISCUSSION OF GAS PURCHASING STRATEGIES**

Lahr provided an in-depth report on the operations of the Natural Gas Program for the 2006-07 fiscal year. He also provided a multi-year review of the program, and discussed gas purchasing strategies.

Lahr said that for the past five years the Gas Program has operated with the dual, and often competing goals of *Cost Savings* and *Price Stability*. To meet these goals the program has implemented a gas purchasing strategy that emphasizes multiple layers of long-term, fixed-price contracts for a majority of its gas load, while a smaller portion of gas is purchased with short-term, indexed-based contracts. This strategy has generally resulted in positive savings during times of rising markets, and negative savings during falling markets, while maintaining price stability. The Natural Gas Program's net result for the period January 2003 to present is a negative savings of approximately 1%, while the Program has achieved greater price stability than PG&E throughout this period.

Staff will continue to monitor the Program's gas purchasing strategy to best maximize the goals of the Program, *Price Stability and Cost Savings*.

ABAG POWER will be looking for opportunities to aid members in all areas of energy management such as the ABAG Energy Watch program that is currently being implemented jointly with PG&E.

### **ABAG ENERGY WATCH**

Lahr provided an overview, information on organizational structure, services provided by Energy Watch and a list of the current participants in the program. Technical services, energy assessment reports, benchmarking, goals and results of the program were discussed.

**NEW PROGRAM OPPORTUNITIES**

The ABAG POWER Executive Committee had expressed significant interest in seeing the ABAG POWER JPA explore new program opportunities in service of its member jurisdictions, therefore a survey was distributed to the ABAG POWER board members inviting their interest in eleven different ideas for new potential programs and services. Lahr said he will get back to the board members with the results of the survey soon thereafter.

**GUEST SPEAKER – SUSAN MUNVES OF THE CITY OF SANTA MONICA****Energy Plan/Solar Santa Monica**

Susan Munves gave a presentation on the City of Santa Monica's Community Energy Independence Initiative, which included environmental initiatives in Santa Monica, the foundation of Solar Santa Monica, program design and their eight accomplishments.

**GUEST SPEAKER – BRUCE CHAMBERLAIN OF ENERGY SOLUTIONS****Utility Bill Tracking and Analysis**

Bruce Chamberlain gave a presentation on why and how to track utility bills.

**GUEST SPEAKER – RAJ PANKHANIA OF THE CITY OF HERCULES****Hercules Municipal Utility Renewable Portfolio Standards**

Raj Pankhania spoke about his experiences with the Hercules Municipal Utility and their efforts with the Renewable Portfolio Standard.

**CLOSED SESSION****Conference With Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(A)]**

Kenneth Moy was contacted via teleconference who provided an update on the existing gas litigation. At the reconvene of the Annual Board Meeting, it was announced by the Chairman that no action was taken in Closed Session.

**ADJOURNMENT**

Chairman Buonaccorsi adjourned the meeting at 2:00 p.m.

/vm

\*Example of a motion – [Member No. 1/S/Member No. 2/O/Member No. 3/roll call vote/C/8:0:0] means Member No.1 motions, seconded by Member No.2, Opposed by Member No. 3, after roll call vote, motion carries, 8 = "yes" votes, 0 = "no" votes and 0 = abstentions.



**Proposed ABAG POWER Executive Committee for  
FY 2008-09**

Ed Buonaccorsi	General Services Administrator	City of Santa Rosa
John Cerini	Maintenance Superintendent	City of Vallejo
Terry Mann	Deputy Director, General Services	County of Contra Costa
Jennifer Mennucci	Budget & Program Analysis Manager	Golden Gate Bridge, Highway and Transportation District
Raj Pankhania	Assistant to City Manager	City of Hercules
Ron Popp	Public Works Director	City of Millbrae
Chris Schroeder	Purchasing Officer	City of Milpitas

**ABAG POWER Staff**

Henry Gardner	ABAG POWER President; ABAG Executive Director
Gerald L. Lahr	ABAG POWER Program Manager
Vina Maharaj	ABAG POWER Administrative Assistant
Kenneth Moy	ABAG Legal Counsel
Herb Pike	ABAG Finance Director

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #5

Representing City and County Governments of the San Francisco Bay Area

Attachment A



DT: October 20, 2008

TO: ABAG POWER Board

FM: Gerald L. Lahr, ABAG POWER Program Manager  
Kenneth Moy, ABAG Legal Counsel

RE: **Electric Program Status and Recommendation for Continued Monitoring**

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## Summary

Approximately \$1,680,000 in funds associated with the suspended Electric Aggregation Program remain on deposit with the Northern California Power Authority (NCPA). The issues preventing release of these funds have not been resolved. We recommend that ABAG POWER staff continue to passively monitor these issues and record monitoring expenses for reimbursement. When the issues have been resolved and the funds recovered, we will notify Electric Program participants.

**Background.** The Electric Aggregation Program was suspended in July of 2001. In the Fall of 2003, the ABAG POWER Board authorized staff to conclude the wind-up of the Program. ABAG POWER and each Electric Program participant executed the Windup Agreement which distributed all Program assets and liabilities, including certain contingent liabilities. These activities were completed in the summer of 2004. Although all Program assets were returned to members, there remained approximately \$1.5 million\* in agency funds on deposit with the NCPA (Electric Program Funds). These funds can not be released until regulatory enforcement actions by the Federal Energy Regulatory Commission (FERC), a lawsuit by the investor-owned public utilities and the bankruptcy of the Cal PX have been resolved.

The Wind-up Agreement also authorized ABAG POWER to continue monitoring the issues preventing release of the Electric Program Funds until December 31, 2006, and to retain One Hundred Thousand dollars (\$100,000) (hold-back funds) to pay for doing so. Since the issues had not been resolved by 2006, the ABAG POWER Board authorized staff to continue to monitor these issues utilizing the remainder of the hold-back funds. As of June 30, 2008, approximately \$7,000 remained of these funds.

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\* Interest accrual and expected refund allocations have subsequently increased this amount.

Re: Electric Program Status

October 20, 2008

Page 2

**Recommendation.** Staff recommends that once the remaining hold-back funds are depleted ABAG staff passively monitor the on-going issues related to the Electric Program Funds. Any costs associated with this monitoring activity will be accounted for separately, and at the time that the funds are recovered, ABAG will make a claim to ABAG POWER for reimbursement of these costs. At any time, should the costs of monitoring and/or recovering the deposits become significant relative to probable recovery, ABAG staff will immediately report this to the ABAG POWER Executive Committee so the Committee can decide whether to request additional funds from the former Electric Program Members, or whether to cease the activities.

/vm

cc: Henry Gardner, President, ABAG POWER

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



DATE: October 22, 2008

TO: ABAG POWER Board of Directors

FROM: Gerald L. Lahr, Manager, ABAG POWER

RE: **Staff Report on 2007-2008 Natural Gas Program**

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## Summary

The 2007-08 fiscal year saw natural gas prices that were counter to normal annual price fluctuations – i.e. this year saw significantly higher prices in the normally low-priced Spring and Summer “off-peak” periods, and lower prices in the normally “peak” winter period (January-February). By the end of the fiscal year, prices were at levels not seen since the post-Katrina period. For the year as a whole, PG&E-area natural gas prices ranged from approximately \$5.50/Dth in Aug.-Sep. to over \$12.00/Dth in June. However, since the early part of July 2008, natural gas prices have dropped dramatically, and spot market prices now stand below \$7.00/Dth.

For the past five years the Gas Program has operated with the dual, and often competing, goals of *Cost Savings* and *Price Stability*. To meet these goals the program has implemented a gas purchasing strategy that emphasizes multiple layers of long-term, fixed-price contracts for a majority of its gas load, while a smaller portion of gas is purchased with short-term, indexed-based contracts. This strategy has generally resulted in positive savings during times of rising markets, and negative savings during falling markets, while maintaining price stability. The Natural Gas Program’s net savings for the year ending June 30, 2008 is 7.3%, while the average savings for the period January 2003 to present is approximately 1.5%. During this entire period the Program has achieved greater price stability than PG&E.

## Background

During the early years of the ABAG Natural Gas Aggregation Program (Program), gas was purchased almost exclusively based on a rate tied to an industry index. This gas purchasing strategy ultimately led to significant volatility and rate modifications. ABAG POWER subsequently revised its strategy to include a large majority of gas purchased from a single fixed-price contract. While having the desired effect of stabilizing program costs, this put the program at risk of not being able to take advantage of downward movements in the gas market.

Subsequent to these events (early 2002) the ABAG POWER Executive Committee conducted a review of the Gas Aggregation Program to more fully evaluate the various opportunities and challenges. As a result of this review the Committee approved:

- **A restatement of the program goals:**

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



- Price Stability. It is desirable that the Program's purchasing strategy and costs allocation methods be such that will provide members a reasonable degree of certainty of the costs to be shared within any given program year.
- Cost Savings. Given the desire for price stability, the Program shall attempt to provide gas procurement services for less than the equivalent services provided by the default provider (i.e. PG&E).
- **A revised natural gas purchasing strategy:**
  - While recognizing that no purchasing strategy is perfect or risk-free, staff shall purchase natural gas at the lowest reasonable cost while taking advantage of longer-term contracts in order to stabilize prices. This includes fixed-price contracts of up to three years for approximately 50% of the program load, and one year contracts for another 25% of the estimated load.

In its discussions during the review, the Committee felt it was important for members to understand that rate stability was a major element of the Program's future viability, and that while cost savings would continue to be a primary goal, it could not be fairly represented as the sole reason for staying with the Program.

### **Fiscal Year 2007 – 08.**

During the recently completed fiscal year, ABAG POWER purchased 68% of its gas with forward, fixed-price gas supply contracts.<sup>1</sup> The remaining gas requirements were purchased in monthly or daily blocks with the price tied to a market index.<sup>2</sup> During the year the Program's gas costs ranged from a low of \$4.92/Dth for monthly, index-based gas in September, up to a high of \$12.83/Dth for day-gas in June. Ultimately, ABAG POWER's annual weighted average price was approximately 7.3% lower than PG&E's similar total rate (GNR-1). Due to the Program's levelized billing structure, ABAG POWER's monthly rates were more stable than PG&E's rates throughout the year.

### **Long Term Program Achievements.**

During the period January 2003 – June 2008 ABAG POWER has achieved a total average gas savings<sup>3</sup> of +1.5%, with an average annual range of +9% to -14%. In addition, ABAG POWER's gas prices were significantly more stable than PG&E's during this period. The reasons for the variations in savings rates are primarily two fold:

- While ABAG POWER's fixed price contracts produce greater stability, at times these contract prices will be above the monthly and daily indices that are primarily followed by PG&E.
- In 2006 ABAG POWER recorded a charge on its financial reports to counteract the Program's negative Operating Imbalance with PG&E. This charge disproportionately affected the single

<sup>1</sup> Contracts greater than one month in length. Purchases staged throughout the year.

<sup>2</sup> National Gas Intelligence's (NGI's) monthly Bidweek index, or the Gas Daily's daily index for the appropriate delivery point.

<sup>3</sup> Compared to PG&E's GNR-1 rate.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



year's financial statements when, in hindsight, it more appropriately would have been spread over the previous few years.

Throughout this period the Program's prices have continued to be more stable than PG&E's. This is due to a strategy that relies more heavily on longer-term, fixed-price purchases, as well as the levelized billing system.

### **Operations and Scheduling.**

**Scheduling.** Interstate Gas Services (IGS) provided gas scheduling services for ABAG POWER's gas load through the end of June 2008. During this past Spring, ABAG POWER conducted an RFP for gas scheduling services beginning in July, and ultimately selected Golden Valley Gas Services. The program continues to schedule deliveries to take full advantage of the preferential transportation capacity that PG&E is required to offer to the program.

**Gas Purchase Agreements.** ABAG POWER continues to seek out gas suppliers that may provide benefits to its portfolio. The program currently maintains master gas purchase contracts with the following suppliers:

- Allied Energy Resources
- BP Energy
- Cook Inlet Energy Supply
- Shell Energy North America (formerly Coral Energy)
- Occidental Energy Marketing, Inc. (subsidiary of Occidental Petroleum)
- Pacific Summit Energy (subsidiary of Sumitomo Corp.)
- Sierra Southwest (Touchstone Energy Cooperative)
- Utility Resource Solutions (Spark Energy)

**Billing.** ABAG POWER continues to provide "ESP Consolidated Billing" services for all core accounts utilizing Electronic Data Interchange (EDI) processing. Under this option members receive only one bill with both ABAG POWER and PG&E charges. EDI processing is not available for noncore accounts, so these are billed using the "Dual Billing" option. Under Dual Billing PG&E sends a separate bill with just transportation and miscellaneous charges (i.e. no commodity charge).

ABAG POWER maintains its own internal system that provides for "levelized" billing. Every member is invoiced for a set amount each month that represents 1/12 of the annual cost estimate for that member. Along with the monthly levelized invoice, the program sends each member a detailed report showing the actual usage for each account. After the end of the fiscal year the actual costs for each member are compared to the levelized billings, and a credit or charge is then applied to true-up any difference.

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



**Storage.** Core aggregation programs such as ABAG POWER are required to maintain certain gas storage requirements throughout the year. For the past three annual storage cycles,<sup>4</sup> beginning in April 2006, ABAG POWER has chosen to contract with PG&E to meet the coming year's storage requirements.

## Financial

The total cost of the natural gas program for 2007-2008 decreased from the previous fiscal year by 4%: from \$10.5 million to \$10.1 million. This was primarily the result of a decrease in the Program's total gas commodity expense, and came in spite of a 3% increase in gas consumption. A review of each major program cost element is summarized below:

**Natural Gas Commodity Cost.** The natural gas commodity cost decreased from \$7.7 million in 2006-07 to \$7.4 million for the 2007-2008 program year even though the Program's overall usage increased slightly. This total was significantly below the budgeted amount of \$8.2 million. The commodity portion of program costs is composed of: (1) natural gas purchases from gas suppliers for monthly consumption, (2) shrinkage, (3) required storage, and (4) additional costs to transport the gas to PG&E's distribution system. The natural gas commodity costs represented 72.0% of the total program costs for the year. The Program's total gas consumption increased from 9,219,000 to 9,510,000 therms.

**Transportation and Distribution Costs.**<sup>5</sup> A major cost of the natural gas program is the amount charged for the transportation and distribution of natural gas to customers. During the past fiscal year these costs totaled approximately \$2.5 million representing a 2.7% decrease from the prior year. The great majority of these costs are charged by PG&E to all customers and are subject to regulation by the CPUC ("PG&E Passthrough" costs). A small portion (approximately 4%) of the Program's transportation costs vary depending on the path used to deliver the gas onto PG&E's distribution system, and are included as a "Cost of Energy Used" for financial reporting. During the past year the relative impact of the T&D costs was 24.6% of total program costs. The lower distribution costs this past fiscal year were the result of a realignment of PG&E's distribution rates that resulted in lower costs for certain customer classes.

**Program Expenses.** The remaining costs of the program are the expenses for billing services, gas program scheduling and administrative support, including financial and legal services. The cost of these services was approximately \$346,500 or about 3.4% of the total program cost.

**Working Capital Deposits.** The ABAG POWER natural gas program agreement requires that each new member of the program provide a deposit equal to two times their estimated monthly charges (Working Capital Deposit). These funds are kept on deposit with the program and are refunded to members if they leave the program. The total deposit amount is generally reviewed on an annual basis to ensure the program has adequate cash reserves to meet all its payment obligations.

<sup>4</sup> Annual Storage Cycle: April - March

<sup>5</sup> Distribution costs for noncore accounts are paid by the agency directly to PG&E, and are therefore not included in ABAG POWER's financial reports.

# MEMORANDUM

## ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

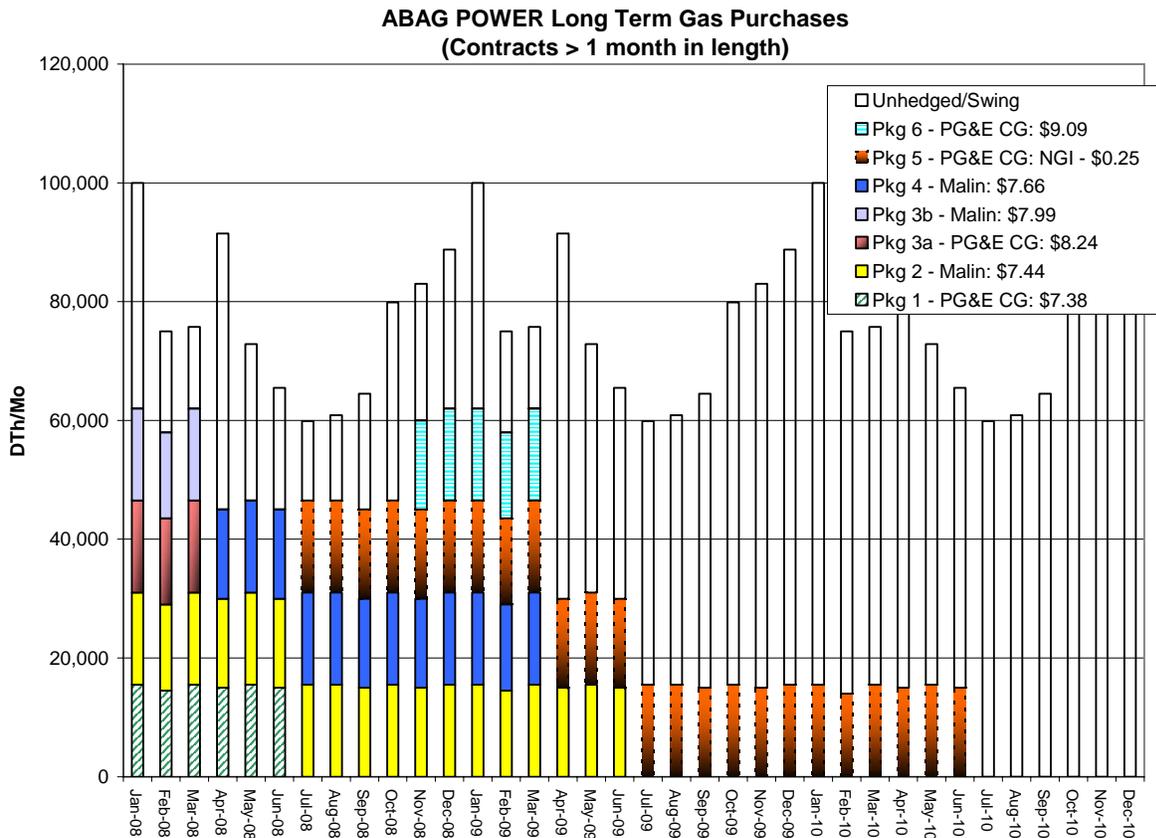
Attachment A



As of June 30, 2008 the gas program had a total Working Capital Deposit of: \$1,720,735, which represented 1.5 months worth of currently budgeted expenditures. In August, due to increased commodity costs, the Executive Committee approved an increase to the Working Capital Deposits in the amount of \$300,000 for a total deposit amount of \$2,020,735. It was also decided that the total deposits would be re-adjusted among members in proportion to their annual estimated gas usage.

### Conclusion

The goals of ABAG POWER’s Natural Gas Program are to provide natural gas at a rate competitive with, or less than, the default provider (i.e. PG&E), while at the same time providing a rate that is stable and predictable. These goals require a balance between the need to have a large percentage of gas in long-range, fixed-price contracts or other hedge instrument, and the desire not to lock the program into higher than market rates. ABAG POWER currently maintains a hedged position of approximately 45% for FY 2008-09 (see chart below). Based on the program’s current strategy, ABAG POWER will continue to look to the forward gas commodity markets to increase its overall hedged position to as much as 75% as favorable buying opportunities become available.



# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #6

Representing City and County Governments of the San Francisco Bay Area

Attachment A



During the coming year we will continue to evaluate the Program's gas purchasing strategy to best maximize the goals of the Program: *Cost Savings* and *Price Stability*. ABAG POWER will also be looking for opportunities to aid members in all areas of energy management such as the ABAG Energy Watch program that is currently being implemented jointly with PG&E.

We look forward to working with you during the coming year to make this program responsive to the needs of its member agencies.

/vm

**ABAG POWER**

**Agenda Item #6  
Attachment B**

**Gas Price Comparison 2003 - Present**

Calendar Year	ABAG POWER Avg. Rate*	PG&E Core Proc. Avg. (GNR-1)*	ABAG POWER Core Usage (Dths)			Avg. Market Rates (Commodity only)	
				Savings	% Savings	NGI FOM Index	Gas Daily Avg Index
2003	5.37	5.83	780,486	\$ 358,551	7.9%	5.20	5.02
2004	5.62	5.88	756,084	\$ 199,470	4.5%	5.85	5.74
2005	7.92	8.28	771,504	\$ 280,282	4.4%	7.73	7.92
2006	9.30	8.15	821,155	\$ (945,551)	-14.1%	6.70	6.47
2007	7.96	8.24	809,645	\$ 225,528	3.4%	6.86	6.89
2008**	8.41	9.27	460,616	\$ 392,741	9.2%	9.26	9.82
<hr/>							
Total Average	7.39	7.51	Grand Total:	\$ 511,021	1.5%	6.93	6.98
			(Weighted Avg.)				

\* Average weighted by monthly usage.

\*\* Jan. - Jun. period.



TO: Board of Directors  
ABAG POWER

DT: October 13, 2008

FM: Herbert L. Pike  
Chief Financial Officer

RE: Preliminary Financial Reports  
--June 2008

We are happy to present the preliminary financial reports for the fiscal year ending June 30, 2008. Highlights of these reports can be summarized as follows:

### **Electricity Pool**

As of June 30, 2008, the Electricity Pool has approximately \$7 thousand cash on hand, of which all but \$141.42 was invested in the Local Investment Agency Fund (LAIF). In accordance with the wind up agreement, we distributed to members in 2004 the remaining assets of the Electricity Pool and retained \$100,000 to cover residual administrative expenses going forward. During FY 07-08, we have withdrawn approximately \$24 thousand (net of interest earnings) to cover expenses, leaving a balance of about \$7 thousand as of June 30, 2008.

### **Natural Gas Pool**

As of June 30, 2008, the Natural Gas Pool has about \$5.3 million in total assets, including the \$3.2 million investment in LAIF. In FY 07-08, natural gas billings amounted to \$11.6 million, while total expenses were \$10.1 million (including offsetting interest income). The excess of revenues over expenses in the amount of roughly \$1.5 million was recorded as unearned revenues and will be returned to members as true-up adjustments in billings during FY 08-09. Included in the Cost of Energy Used figure of \$7.4 million is a negative adjustment of \$11 thousand representing the value of imbalance with PG&E (the difference between delivered gas and actual usage). This adjustment also created a receivable from PG&E of the same amount as of June 30. Going forward, staff will continue to monitor imbalance amounts and strive to keep them relatively low.

The balance of working capital, a refundable deposit from members, amounted to \$1.7 million as of June 30, 2008. During FY 07-08, the Executive Committee reviewed the need for working capital and decided to increase the working capital by \$300,000. The interest income earned in a year resulting from holding working capital will be included as part of the true-up adjustment in the following year.

All revenue and expense categories are within expectations and reasonable with respect to budget for FY 07-08. Our auditors are in the process of auditing these financial statements. We expect the audited financial report will be available in December.

## BALANCE SHEET

**ABAG POWER POOL**  
Period: JUN-08

	<i>Total</i> -----	<i>Natural Gas</i> -----	<i>Electricity</i> -----
<b>ASSETS</b>			
CASH IN BANK	1,574,162.68	1,574,021.26	141.42
LOCAL AGENCY INVEST. FUND	3,203,698.76	3,197,083.75	6,615.01
ACCT. REC. POWER POOL SALES	127,704.25	127,704.25	0.00
ACCT. REC. PG&E DISTRIBUTION	10,930.60	10,930.60	0.00
ACCR. INT. REC. LAIF	23,163.00	22,817.38	345.62
CAPITALIZED SOFTWARE	42,663.52	42,663.52	0.00
NATURAL GAS INVENTORY	306,221.34	306,221.34	0.00
	-----	-----	-----
<b>TOTAL ASSETS</b>	<u>5,288,544.15</u>	<u>5,281,442.10</u>	<u>7,102.05</u>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	1,839,636.50	1,837,698.11	1,938.39
PAYABLE TO POWER POOL CLIENTS	218,863.76	218,863.76	0.00
PAYABLE TO MEMBERS--CTC REVERSAL	5,163.66	0.00	5,163.66
UNEARNED ENERGY REVENUES	1,504,144.70	1,504,144.70	0.00
WORKING CAPITAL CLIENT DEPOSITS	1,720,735.53	1,720,735.53	0.00
	-----	-----	-----
<b>TOTAL LIABILITIES</b>	<u>5,288,544.15</u>	<u>5,281,442.10</u>	<u>7,102.05</u>
<b>FUND EQUITY</b>			
<b>GENERAL EQUITY</b>			
CURRENT YEAR SURPLUS/(DEFICIT)	0.00	0.00	0.00
	-----	-----	-----
<b>TOTAL GENERAL EQUITY</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	-----	-----	-----
<b>TOTAL FUND EQUITY</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	-----	-----	-----
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>5,288,544.15</u>	<u>5,281,442.10</u>	<u>7,102.05</u>

# INCOME STATEMENT

ABAG Power Pool - Natural Gas  
Period: JUN-08 Currency: USD

Agenda Item #7  
Attachment B2

	<i>FY Budget</i>	<i>Actual Year-to-date</i>	<i>% of Budget</i>	<i>Budget Balance</i>
<b>REVENUES</b>				
SALE OF ENERGY	11,515,449.00	10,089,326.53	87.62%	1,426,122.47
INTEREST INCOME	60,000.00	104,642.65	174.40%	(44,642.65)
<b>TOTAL REVENUES</b>	<u>11,575,449.00</u>	<u>10,193,969.18</u>	<u>88.07%</u>	<u>1,381,479.82</u>
<b>EXPENSES</b>				
<b>COST OF ENERGY</b>				
COST OF ENERGY USED	8,229,690.00	7,424,402.82	90.21 %	805,287.18
PG&E PASSTHROUGH	2,964,245.00	2,422,666.72	81.73 %	541,578.28
<b>TOTAL COST OF ENERGY</b>	<u>11,193,935.00</u>	<u>9,847,069.54</u>	<u>87.97 %</u>	<u>1,346,865.46</u>
<b>CONSULTANT SERVICES</b>				
LEGAL CONSULTANTS	5,000.00	0.00	0.00 %	5,000.00
BILLING AGENT FEES	9,500.00	(2,546.13)	26.80%	12,046.13
SCHEDULING AGENT FEES	45,816.00	42,731.29	93.27 %	3,084.71
ABAG FEES	305,977.00	289,063.73	94.47 %	16,913.27
<b>TOTAL CONSULTANT SERVICES</b>	<u>366,293.00</u>	<u>329,248.89</u>	<u>89.89 %</u>	<u>37,044.11</u>
<b>OTHER DIRECT CHARGES</b>				
INTEREST EXPENSE/BANK CHARGES	1,000.00	3,429.55	342.96 %	(2,429.55)
AMORTIZED SOFTWARE COSTS	14,221.00	14,221.20	100.00 %	(0.20)
<b>TOTAL OTHER DIRECT CHARGES</b>	<u>15,221.00</u>	<u>17,650.75</u>	<u>115.96 %</u>	<u>(2,429.75)</u>
<b>TOTAL EXPENSES</b>	<u>11,575,449.00</u>	<u>10,193,969.18</u>	<u>88.07 %</u>	<u>1,381,479.82</u>
<b>SURPLUS/(DEFICIT)</b>	<u>0.00</u>	<u>0.00</u>	n/m	<u>0.00</u>

# INCOME STATEMENT

ABAG Power Pool - Electric  
Period: JUN-08 Currency: USD

Agenda Item #7  
Attachment B3

	<i>FY Budget</i>	<i>Actual Year-to-date</i>	<i>% of Budget</i>	<i>Budget Balance</i>
<b>REVENUES</b>				
INTEREST INCOME	0.00	1,594.24	n/m	(1,594.24)
<b>TOTAL REVENUES</b>	<u>0.00</u>	<u>1,594.24</u>	<u>n/m</u>	<u>(1,594.24)</u>
<b>EXPENSES</b>				
CONSULTANT SERVICES				
ABAG FEES	24,241.00	23,010.97	94.93 %	1,230.03
<b>TOTAL CONSULTANT SERVICES</b>	<u>24,241.00</u>	<u>23,010.97</u>	<u>94.93 %</u>	<u>1,230.03</u>
<b>OTHER DIRECT CHARGES</b>				
INTEREST EXPENSE/BANK CHARGES	0.00	2,630.91	n/m	(2,630.91)
TRANSFER TO MEMBERS BALANCE ACCT	(24,241.00)	(24,047.64)	99.20 %	(193.36)
<b>TOTAL OTHER DIRECT CHARGES</b>	<u>(24,241.00)</u>	<u>(21,416.73)</u>	<u>88.35 %</u>	<u>(2,824.27)</u>
<b>TOTAL EXPENSES</b>	<u>0.00</u>	<u>1,594.24</u>	<u>n/m</u>	<u>(1,594.24)</u>
<b>SURPLUS/(DEFICIT)</b>	<u>0.00</u>	<u>0.00</u>	<u>n/m</u>	<u>0.00</u>

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #8

Representing City and County Governments of the San Francisco Bay Area

Attachment A



DT: October 23, 2008

TO: ABAG POWER Board

FM: ABAG POWER Executive Committee

Via: Gerald L. Lahr, ABAG POWER Program Manager

RE: **Recommendation for Use of Proceeds from Natural Gas Litigation**

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## Summary

In 2004, ABAG POWER became a plaintiff in litigation dealing with the manipulation of the natural gas markets. This litigation is expected to resolve in the near future with the result that ABAG POWER will receive approximately \$400,000 in net proceeds from this effort (see June 30, 2008 memo for additional details). The Executive Committee recommends that the proceeds be dedicated to current and future infrastructure needs of ABAG POWER. To that end, and to address immediate term needs, the Committee recommends adding a comprehensive (natural gas and electricity) energy management capability to the current billing system.

## Analysis

The Executive Committee has considered ways these funds might be utilized for the common benefit of the ABAG POWER program and its members. The committee concluded that the proceeds should be used for infrastructure and other capital improvements, as opposed to offsetting standard operational expenses.

The committee recommends the initial infrastructure investment should be an upgrade to the billing system as follows:

Energy Data System Upgrade. Expand ABAG POWER's current energy data management and Electronic Data Interchange (EDI) systems to include the receipt of PG&E electric billing data for members. This would allow potential benefits that include:

- Accurate tracking and reporting of complete energy data (i.e. both gas and electric) for member accounts.
- Benchmarking and comparing facility usage and trends that can help target efficiency efforts.
- Improved forecasting and budgeting energy costs.
- Access to both electric and gas bills and analysis reports through the internet.

The implementation of this effort would likely be conducted in two phases:

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS Agenda Item #8

Representing City and County Governments of the San Francisco Bay Area

Attachment A



Phase I Pilot. Implement electric EDI and UM Online for one of ABAG POWER's current members. (Approximate cost: \$13,000.)

Phase II Full Implementation. Pending a successful pilot, the program would be expanded to all members who choose to participate.

Concurrently, staff will investigate opportunities for agencies to individually process bills via EDI and to jointly participate in bill auditing services.

Additionally staff will investigate the creation of unique billing reports that will allow for enhanced accounting analysis and energy management.

Earlier this year an allocation methodology was developed that prorates the proceeds and litigation costs to members based on each agency's natural gas usage during the relevant litigation period<sup>1</sup> (see attached). This methodology was transmitted to members for comment on June 30<sup>th</sup>. To date no adverse comments have been received. Litigation proceeds allocated to agencies that are not current members of the ABAG POWER Natural Gas Program shall be distributed to the individual agencies.

## Recommendation

The Executive Committee and staff recommend that upon receipt of the final proceeds of the natural gas litigation:

- ABAG POWER retain the portion of proceeds allocable to current natural gas program participants.
- Place funds in an interest bearing account dedicated for infrastructure improvements to the ABAG POWER program that provide benefits to the general membership as directed by the ABAG POWER Board or Executive Committee.
- Authorize an initial expenditure of up to \$50,000 for the Energy Data System Upgrade.
- At any time, should the ABAG POWER Executive Committee or Board deem appropriate, they may direct that the remainder (or any portion) of these proceeds be distributed to members in accordance with the approved allocation methodology.

/vm

Attachment: Allocation Schedule

cc: Henry Gardner, President, ABAG POWER  
Herbert Pike, Finance Director, ABAG  
Kenneth Moy, Legal Counsel, ABAG

<sup>1</sup> Relevant Litigation Period: Jun. 2000 – Dec. 2002.

**Gas Litigation Proceeds Allocation**

Total Litigation Proceeds **\$440,000**  
 Gas Litigation Costs\* **\$70,913**

Current Members	Total Usage Jun '00 - Dec '02**	% of Total	% of Group	Allocation of Costs	Litigation Proceeds Allocation	Re-allocation of Costs	Total Distribution
Alameda, City	357,225	1.77%	1.99%	\$ 1,254.81	\$ 7,785.77	\$ 153.14	\$ 7,938.91
Albany, City	58,488	0.29%	0.33%	205.45	1,274.76	25.07	1,299.83
Atherton, Town	14,975	0.07%	0.08%	52.60	326.38	6.42	332.80
Benicia, City	224,002	1.11%	1.24%	786.84	4,882.16	96.03	4,978.19
Contra Costa County	4,378,993	21.69%	24.34%	15,381.88	95,440.84	1,877.25	97,318.08
Cupertino, City	148,205	0.73%	0.82%	520.59	3,230.15	63.53	3,293.69
Eastside Union H.S. District	80,100	0.40%	0.45%	281.36	1,745.79	34.34	1,780.13
Fremont, City	585,431	2.90%	3.25%	2,056.42	12,759.56	250.97	13,010.53
Golden Gate Bridge	195,016	0.97%	1.08%	685.02	4,250.40	83.60	4,334.01
Gonzales, City	24,430	0.12%	0.14%	85.81	532.46	10.47	542.93
Half Moon Bay, City	8,870	0.04%	0.05%	31.16	193.32	3.80	197.13
Hercules, City	88,256	0.44%	0.49%	310.01	1,923.55	37.83	1,961.39
Los Altos, City	102,520	0.51%	0.57%	360.12	2,234.44	43.95	2,278.39
Mill Valley, City	158,941	0.79%	0.88%	558.30	3,464.14	68.14	3,532.28
Millbrae, City	67,576	0.33%	0.38%	237.37	1,472.83	28.97	1,501.80
Milpitas, City	240,252	1.19%	1.34%	843.92	5,236.33	102.99	5,339.32
Monte-Sereno, City	2,261	0.01%	0.01%	7.94	49.28	0.97	50.25
Moraga, Town	24,245	0.12%	0.13%	85.16	528.42	10.39	538.82
Napa County001	5,801	0.03%	0.03%	20.38	126.43	2.49	128.92
Napa County002	49,928	0.25%	0.28%	175.38	1,088.19	21.40	1,109.59
Napa County003	32,753	0.16%	0.18%	115.05	713.86	14.04	727.90
Napa County004	21,801	0.11%	0.12%	76.58	475.16	9.35	484.50
Napa County005	317,711	1.57%	1.77%	1,116.01	6,924.56	136.20	7,060.76
Oakland, City	2,419,375	11.98%	13.45%	8,498.42	52,730.66	1,037.17	53,767.83
Oakland Zoological	35,150	0.17%	0.20%	123.47	766.10	15.07	781.17
Orinda, City	17,853	0.09%	0.10%	62.71	389.11	7.65	396.76
Pacifica, City	85,942	0.43%	0.48%	301.88	1,873.12	36.84	1,909.96
Petaluma, City	66,012	0.33%	0.37%	231.88	1,438.74	28.30	1,467.04
Pleasanton, City	386,851	1.92%	2.15%	1,358.87	8,431.48	165.84	8,597.32
Regional Admin. Facility	91,590	0.45%	0.51%	321.72	1,996.22	39.26	2,035.48
Richmond, City	403,908	2.00%	2.24%	1,418.79	8,803.24	173.15	8,976.39
Salinas, City	573,725	2.84%	3.19%	2,015.30	12,504.43	245.95	12,750.38
San Carlos, City	162,568	0.81%	0.90%	571.04	3,543.19	69.69	3,612.89
San Mateo County SANACPC006	1,311,673	6.50%	7.29%	4,607.45	28,588.12	562.31	29,150.42
San Mateo County SANACPC007	522,263	2.59%	2.90%	1,834.53	11,382.80	223.89	11,606.69
San Mateo County SANACPC008	7,055	0.03%	0.04%	24.78	153.76	3.02	156.79
San Mateo County SANACPC009	5,858	0.03%	0.03%	20.58	127.68	2.51	130.19
San Mateo County SANACPC011	2,041	0.01%	0.01%	7.17	44.48	0.87	45.36
San Rafael, City	109,188	0.54%	0.61%	383.54	2,379.77	46.81	2,426.58
Santa Clara County	2,107,458	10.44%	11.71%	7,402.77	45,932.38	903.45	46,835.83
Santa Rosa, City	670,388	3.32%	3.73%	2,354.84	14,611.21	287.39	14,898.60
Saratoga, City	37,064	0.18%	0.21%	130.19	807.82	15.89	823.70
Union City	59,603	0.30%	0.33%	209.36	1,299.06	25.55	1,324.61
Vallejo, City	1,458,664	7.23%	8.11%	5,123.78	31,791.81	625.32	32,417.13
Vallejo Sani.& Flood Control Dist	48,871	0.24%	0.27%	171.67	1,065.15	20.95	1,086.10
Watsonville, City	210,859	1.04%	1.17%	740.67	4,595.70	90.39	4,686.10
Winters, City	10,422	0.05%	0.06%	36.61	227.15	4.47	231.62
<b>Total Current Members</b>	<b>17,992,161</b>	<b>89.12%</b>	<b>100.00%</b>	<b>\$ 63,200.21</b>	<b>\$ 392,141.96</b>	<b>\$ 7,713.12</b>	<b>\$ 399,855.08</b>
<b>Opt-out Members</b>							
Belmont, City	86,583	0.43%	3.94%	\$ 304.14	\$ 1,887.09	\$ (304.14)	\$ 1,582.95
Daly, City	296,001	1.47%	13.48%	1,039.75	6,451.39	(1,039.75)	5,411.64
El Cerrito, City	0	0.00%	0.00%	-	-	-	-

**Gas Litigation Proceeds Allocation**

Total Litigation Proceeds **\$440,000**  
Gas Litigation Costs\* **\$70,913**

Current Members	Total Usage Jun '00 - Dec '02**	% of Total	% of Group	Allocation of Costs	Litigation Proceeds Allocation	Re-allocation of Costs	Total Distribution
Foster City	105,910	0.52%	4.82%	372.03	2,308.32	(372.03)	1,936.30
Hillsborough, Town	15,251	0.08%	0.69%	53.57	332.40	(53.57)	278.83
Menlo Park, City	347,975	1.72%	15.85%	1,222.32	7,584.17	(1,222.32)	6,361.85
Pinole, City	139,209	0.69%	6.34%	488.99	3,034.08	(488.99)	2,545.09
San Leandro, City	0	0.00%	0.00%	-	-	-	-
San Mateo, City	995,318	4.93%	45.33%	3,496.21	21,693.11	(3,496.21)	18,196.91
Sebastopol, City	96,519	0.48%	4.40%	339.04	2,103.65	(339.04)	1,764.61
Vacaville, City	113,045	0.56%	5.15%	397.09	2,463.83	(397.09)	2,066.75
Total Opt-out Members	2,195,811	10.88%	100.00%	\$ 7,713.12	\$ 47,858.04	\$ (7,713.12)	\$ 40,144.92
<b>Grand Total</b>	20,187,972	100.00%		\$ 70,913.33	\$ 440,000.00	\$ -	\$ 440,000.00

\*During the four fiscal years beginning July 2004, ABAG POWER budgeted 5% of the Program Manager's time and 5% of the Program Assistant's time to the gas litigation tasks. These costs were included in the program fees charged to gas program participants.

\*\* Usage for period Jun 2000 - Jun 2002 taken from the worksheet used to calculate the true-up in October 2002. Usage for period Jul 2002 - Dec 2002 taken from the 2002-03 true-up worksheet.