

DRAFT

UTILITIES ADVISORY COMMISSION

MINUTES OF JUNE 6, 2007

CALL TO ORDER

Chairman Melton called to order at 7:00 p.m. the regular scheduled meeting of the Utilities Advisory Commission.

Present: John Melton, Dexter Dawes, George Bechtel, Dick Rosenbaum, Marilyn Keller, and Bern Beecham.

ORAL COMMUNICATIONS

NONE

APPROVAL OF THE MINUTES

Minutes of the May 2, 2007 meeting were unanimously approved.

AGENDA REVIEW

NONE

REPORT FROM COMMISSION MEETINGS/EVENTS

NONE

UTILITIES DIRECTOR REPORT

Fong presented the following report:

1. Power purchase cost for FY 06-07 is expected to be in line with budget estimates. However, the impact of the 2007 dry hydro conditions is expected to impact our FY 07-08 purchase cost with expectations that the cost will be approximately \$10 to 15M higher estimated in January 2007. Depending on 2008 hydro season this estimate could vary further.
2. The June 1 SFPUC hydrologic conditions report shows the water situation is still very dry. The upcountry system has received only about 19% of the average runoff. Storage levels will fall until winter rains begin. SFPUC's 10% voluntary request is still in effect – no word on mandatory water rationing.
3. Under the Energy Policy Act of 2005, FERC was provided increased authority to set electric transmission grid reliability standards. The City, as a distribution system provider, is obligated to register and report under the new North America Electric Reliability Corp./Western Electric Coordinating Council standards. The City made its first filing last week.
4. Lucie Hirmina and Blake Heitzman will be retiring soon. The Commission thanked them for their contributions over the years.

UNFINISHED BUSINESS

NONE

NEW BUSINESS

ITEM 1: INFORMATION ITEM:

Brown Act Overview

Rosemary Ralston, Sr. Administrator, gave a presentation on the Ralph M. Brown Act, Open Meeting Law, prepared by the Office of the City Attorney. The presentation outlined key points of the Brown Act as it applies to Boards and Commissions, particularly in meeting notification and actions of the Commissioners.

ITEM 2: INFORMATION ITEM:

Utilities Quarterly Report:

Water, Gas, Electric, Fiber and Financial Issue Updates

There was no presentation on the water, gas, and electric and fiber quarterly reports, but staff answered questions posed by commissioners.

Commissioners inquired about the history of City's rights to the Redwood gas pipeline at favorable rates.

ITEM 3: INFORMATION ITEM:

Update on Undergrounding of Electric Utilities

The presentation made by Patrick Valath, Senior Electric Project Engineer, provided an overview and update on the underground conversion program in Palo Alto. A brief history, background, the impact on increased cost to City on future underground districts due to change in AT&T's participation level and the options staff is considering to continue the undergrounding program were reviewed.

Dawes asked if City could install the substructure required for Cable TV and lease it to offset some of increased costs. Staff explained that although Comcast was leasing conduits installed in old districts, this will not be possible in future underground districts and the substructure installed will require deeding it to AT&T and Comcast.

Melton noted that City may be faced with an uphill battle to have changes made to the CPUC rules to allow AT&T to participate in residential areas as general benefit project. He also noted that although staff is not proposing to stop the underground program, this may be an option that staff may want to look into before policy decisions are recommended to continue the program.

ITEM 4: INFORMATION ITEM:

Update and Discussion on Issues Related to El Camino Advisory Vote

Roger Cwiak presented some ballot measure advocacy guidelines for commissioners, board members and City employees. He clarified the City's role in the ballot measure process; reviewed how the City may participate in ballot measures by providing fair and impartial information and analysis, developing ballot

measures, and passing a resolution (via Council action) in favor or against a measure. He reminded the Commission that use of City funds or resources to influence voters was prohibited; and that personal time should be used to take a position on and campaign for a ballot measure.

ITEM 5: ACTION ITEM:

Joint UAC/Council Proposed Discussion Items

Action Taken:

Meeting adjourned at 10:38 p.m.

Respectfully submitted,

Melody Vega
City of Palo Alto Utilities