TO:         HONORABLE CITY COUNCIL
FROM:       CITY MANAGER       DEPARTMENT: UTILITIES
DATE:       OCTOBER 18, 2004    CMR:400:04

SUBJECT:    FINANCE COMMITTEE RECOMMENDS ADOPTION OF A RESOLUTION AUTHORIZING NORTHERN CALIFORNIA POWER AGENCY TO APPLY PAYMENTS DUE FROM PACIFIC GAS AND ELECTRIC COMPANY (PG&E) TO SET OFF THE ALLEGED PG&E PAYMENT CLAIM RELATED TO ITS SCHEDULING COORDINATOR SERVICES TARIFF

RECOMMENDATION
The Finance Committee recommended by a vote of 3 to 0 that Council approve resolution authorizing Northern California Power Agency (NCPA) to apply payments due from Pacific Gas and Electric Company (PG&E), as appropriate, to set off the alleged PG&E claim related to its Scheduling Coordinator Services Tariff (SCS Tariff).

COMMITTEE REVIEW AND RECOMMENDATIONS
At its September 21, 2004 meeting, the Finance Committee considered the proposed resolution. The approach taken by other affected NCPA members was discussed, and staff informed Council members that three NCPA member cities had already passed similar resolutions and others were in the process of doing so. Council member Freeman explored the potential of limiting the dollar amount of pledge the City would make to NCPA. It was pointed out that the amount pledged was limited to the amount required to set-off payments claims made by PG&E and any limitation imposed on a carefully drafted resolution with legal nuances may negate the effectiveness of the resolution itself.

The Committee voted on the motion to approve the resolution, and the motion passed unanimously.

ATTACHMENTS
A:     CMR:396:04
PREPARED BY:  
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DEPARTMENT APPROVAL:  
JOHN ULRICH  
Director of Utilities

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EMILY HARRISON  
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