

# CITY OF LODI

# COUNCIL COMMUNICATION

AGENDA TITLE: Public Benefits Charge Grant to Pacific Coast Producers, Inc.

MEETING DATE: January 21, 1998

SUBMITTED BY: Electric Utility Director

**RECOMMENDED ACTION:** That the City Council authorize the City Manager to provide a Public Benefits Charge (PBC) Grant in the amount of \$125,000 to Pacific Coast Producers, Inc. (PCP).

**BACKGROUND:** As previously discussed with the City Council, AB 1890 (Electric industry restructuring) mandates that beginning January 1, 1998, both investor-owned and municipal-owned utilities are obligated to fund Public Benefits Charge (PBC) programs. The amount of PBC program funding required for the City of Lodi is approximately \$1M per year based on a historical electric "revenue requirement." Qualifying programs must involve energy efficiency or low-income assistance. A further stipulation is that energy efficiency efforts must be done on the customer's side of the meter to qualify.

Although a formal PBC program policy has not yet been approved by the City Council, the Electric Utility Department has investigated potential PBC program candidates in order to be ready to meet the City's obligation.

During development of a power supply contract with PCP and review of PCP's extensive facility upgrade, PCP stated a need to also address the issues of a lighting efficiency upgrade and improved electric service reliability during the canning season. To illustrate its vulnerability to electrical outages, PCP cited last August's outage cost well over \$100,000 in lost product and labor cost. While last August's outage was unusually wide-spread and long lasting, shorter outages could also cause PCP a like amount of financial loss.

In order to not jeopardize PCP's ongoing business efforts during the fast approaching 1998 canning season and also to meet the City's PBC program obligations, the Electric Utility Department recommends the following two-part PBC energy efficiency project:

- 1. Plant lighting upgrade (\$65,000).** PCP proposes to install new energy efficient lighting in the portion of its Tokay Street facility which is currently undergoing extensive upgrades. This item meets the intent of PBC programs.
- 2. Plant boiler generator back-up (\$80,000).** This item is commonly referred to as an uninterruptible power supply (UPS). Due to the critical nature of boiler controls during the canning season, PCP is installing a back-up generator. To further protect the boiler control system during the interval when power has been interrupted and the back-up generator has not yet reached full output, PCP also needs to install an UPS. This item affects both reliability, energy usage and efficiency since PCP must discard product and use additional electrical energy to recover lost product output. For the foregoing reasons, this item also qualifies for PBC funding.

The Electric Utility Department recommends that the above PBC program grant of \$125,000.00 be made towards the above project and that the cost of this grant be included as part of the City's PBC program spending. PCP

Approved \_\_\_\_\_

  
H. Dixon Flynn  
City Manager

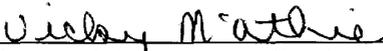
will contribute the remainder of the project cost. The \$145,000 project funding is a necessary component along with the associated power supply contract for the completion of the overall PCP facility upgrade.

FUNDING: 16.0 Electric Utility Fund Reserves



Alan N. Vallow  
Electric Utility Director

Funding Approval:



Vicky McAthie, Finance Director

Prepared by: John Stone, Manager, Business Planning and Marketing

ANV/JS/lst

c: City Attorney  
Finance Director

Approved \_\_\_\_\_

H. Dixon Flynn  
City Manager

RESOLUTION NO. 98-14

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING  
THE CITY MANAGER TO PROVIDE A PUBLIC BENEFITS  
CHARGE (PBC) GRANT TO PACIFIC COAST PRODUCERS, INC.  
(PCP)

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WHEREAS, the State has mandated that beginning January 1, 1998, the City of Lodi is obligated to fund various programs through a Public Benefits Charge (PBC) based on a historical electric revenue requirement; and

WHEREAS, the requirement amount to approximately \$1M per year that must be dedicated to qualifying programs such as energy efficiency. A further stipulation is that these efforts must be done on the customer's side of the meter in order to qualify.

WHEREAS, following the Electric Utility Department's review of Pacific Coast Producers' extensive facility upgrade, the following candidates emerged:

1. Plant lighting upgrade (\$65,000). PCP proposes to install new energy efficient lighting in the portion of its Tokay Street facility; and
2. Plant boiler generator back-up (\$80,000). This is more commonly referred to as an uninterruptible power supply (UPS). Due to the critical nature of the boiler controls during the canning season, PCP is installing a back-up generator. To further protect the boiler control system during the interval when power has been interrupted and the back-up generator has not yet reached full output, PCP needs to install a UPS. This item affects reliability, energy usage and efficiency since PCP must discard product and use additional quantities of electric energy to recover lost product output.

WHEREAS, the Electric Utility Department recommends that the City provide a PBC grant of \$125,000 toward the above upgrades and include the cost of the grant as part of the City's required PBC outlay.

BE IT RESOLVED, that the Lodi City Council hereby authorizes the City Manager to provide a Public Benefits Charge (PBC) Grant in the amount of \$125,000 to Pacific Coast Producers, Inc.

Dated: January 21, 1998

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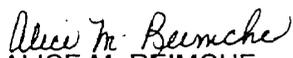
I hereby certify that Resolution No. 98-14 was passed and adopted by the Lodi City Council in a regular meeting held January 21, 1998 by the following vote:

AYES: Council Members - Land, Mann, Pennino, Warner and Sieglock  
(Mayor)

NOES: Council Members - None

ABSENT: Council Members - None

ABSTAIN: Council Members - None

  
ALICE M. REIMCHE  
City Clerk