

CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Professional Services Agreement for Public Benefits Charge Program Development

MEETING DATE: March 4, 1998

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution authorizing the City Manager to enter into a professional services agreement with The Energy Solutions Company for Public Benefits Cost (PBC) Program Services March 1998 - June 1999.

BACKGROUND: AB1890 (Electric Industry Restructuring) requires all California electric utilities, including municipally-owned utilities such as Lodi, to expend PBC funds in four general categories:

- (1) Cost-effective Demand-side Management;
- (2) Renewable Energy Resources and Technologies;
- (3) Research, Development and Demonstration Programs; and
- (4) Services for Low Income Electric Customers (including Rate Subsidies)

Unlike Investor Owned Utilities, Lodi's City Council retains authority for allotment of its PBC funds to each of the above categories.

The funding requested will be used to:

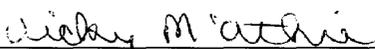
- Insure efficient and effective use of PBC funds.
- Identify current and past Lodi and NCPA projects and programs eligible for PBC credit.
- Identify opportunities to leverage PBC expenditures by obtaining matching funds and other grants.
- Identify potential program candidates for consideration by the City Council.
- Provide assistance in establishing appropriate PBC program record keeping and accounting.

Mr. Nelson of The Energy Services Company (TESC) is uniquely qualified to provide the above services. Prior to co-founding TESC, he had over ten years of experience at the Western Area Power Administration (Western) in the areas of electric energy efficiency planning, projects and grants as well as integrated resource planning. While at Western, Mr. Nelson worked with all Northern California Power Agency member utilities which were customers of Western.

FUNDING: Electric Utility Reserves
Estimated Cost: \$15,000
Expenditures are eligible for PBC credit

Prepared by: Jack Stone, Manager, Business Planning & Marketing

Funding Approval:


Vicky McAthie, Finance Director


Alan N. Vallow
Electric Utility Director

ANV/JS/1st

c: City Attorney

Approved _____


H. Dixon Flynn
City Manager

The Energy Solutions Company

11230 Gold Express Dr., #310-341 • Gold River, CA. 95670

Professional Services Scope of Work for The City of Lodi

Background

California's comprehensive electric restructuring legislation, AB 1890, became effective in September 1996. The law requires utilities such as the City of Lodi to establish a Public Benefit Charge (PBC). The money collected from applying the PBC is to be used for public benefit programs identified in one or more of four categories: (1) Demand-side Management, (2) Renewables, (3) Research, Development and Demonstration, and (4) Low Income Programs.

Services to be provided

TESC will provide the services of Guy Nelson, Vice President to the City on a retainer basis. For the retainer, Mr. Nelson will assist the City in establishing the PBC and identifying programs for funding by the money collected from the charge that meets the intent of the Law.

Mr. Nelson will also be available for up to 4 hours per month for telephone consultation related to the PBC and public benefit programs. Mr. Nelson will also provide reports (with draft reviews) to the City on a public benefit program analysis. The report will contain an executive summary, introduction, discussion of options, discussion of flexibility, the impact on the City's IRP to Western, and appropriate appendices.

Based on the report, Mr. Nelson will assist the City in developing a plan to establish and implement a Public Benefit Program which meets the community's needs and brings significant good will to the City. Mr. Nelson will also be available, on an on-call basis, to assist the City in implementing the Program. The program could include, but is not limited to,

- * Low Income Rate Relief
- * Pubic Education (a)
- * Geyser Effluent Project
- * Bill Inserts (a)
- * Customer Distribution Upgrades
- * Customer/Employee Newsletters (a)
- * Science Bowl Sponsorship
- * Ground Source Heat Pump Demos
- * Energy Audits
- * Electric Vehicle Demo
- * Web Page (a)
- * Reinjection Project
- * Customer Surveys (a)
- * PV and other Distributed Generation
- * Western Workshops
- * Utility Forum Sponsorship
- * Energy Efficient Building Programs
- * High Bill Complaint Programs (a)

(a) The costs of these activities can be prorated between public benefit and other programs.

Billing and Terms

TESC agrees to provide the above services at the retainer rate of \$500.00 per month. Additional services, requested and preapproved by the City, other than those provided above will be billed at \$75.00 per hour. TESC will submit monthly bills to the City. The Department will pay the bills within 45 days of receipt. TESC services to the City begin on March 16, 1998, and continue through June 30, 1999 subject to cancellation by either party with a one month notice. Total costs of services under this contract will not exceed \$15,000.00 unless agreed upon by the two parties.

Milestones

FY 1997

March - TESC submits a draft report to the Department on the Public Benefit Program Options

April - TESC submits a revised draft to the Department on the Program Options

May - TESC submits a Final Report to the Department on the Program Options

May - TESC presents specific Public Benefit Program activities that show the most promise to the City

June - TESC presents a draft action plan to develop and implement the Lodi Public Benefit Program

June - TESC presents a final action plan and assists the City in implementing the plan

FY 1998

July 1998 - June 1999 Plan progress review, evaluation and updating.

Both parties agree to the terms, conditions, and descriptions of this contract by their signatures below.

By: _____
Guy R. Nelson
The Energy Solutions Company

By: _____
H. Dixon Flynn
City Manager

Date: _____

Date: _____

APPROVED AS TO FORM:

ATTEST:

by [Signature]
Randall A. Hays
City Attorney

Alice M. Reimche
City Clerk

RESOLUTION NO. 98-38

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
THE CITY MANAGER TO ENTER A PROFESSIONAL SERVICES
AGREEMENT WITH THE ENERGY SOLUTIONS COMPANY FOR
PUBLIC BENEFITS COST (PBC) PROGRAM SERVICES

WHEREAS, the State has mandated through AB1890 (Electric Industry Restructuring) effective January 1, 1998, that all California electric utilities, including municipally-owned utilities such as Lodi, be required to expend PBC funds in four general categories:

- (1) Cost-effective Demand-side Management;
- (2) Renewable Energy Resources and Technologies;
- (3) Research, Development and Demonstration Programs; and
- (4) Services for Low Income Electric Customers (including Rate Subsidies); and

WHEREAS, unlike Investor Owned Utilities, the City of Lodi retains authority for allotment of its PBC funds to each of the above categories; and

WHEREAS, the funding requested will be used to:

- (1) Insure efficient and effective use of PBC funds; and
- (2) Identify current and past Lodi and NCPA projects and programs eligible for PBC credit; and
- (3) Identify opportunities to leverage PBC expenditures by obtaining matching funds and other grants; and
- (4) Identify potential program candidates for consideration by the City Council; and
- (5) Provide assistance in establishing appropriate PBC program record keeping and accounting.

BE IT RESOLVED, that the Lodi City Council hereby authorizes the City Manager to execute a Professional Services Agreement with The Energy Solutions Company for Public Benefits Cost (PBC) Program Services effective March, 1998 through June, 1999.

Dated: March 4, 1998

I hereby certify that Resolution No. 98-38 was passed and adopted by the Lodi City Council in a regular meeting held March 4, 1998 by the following vote:

- AYES: Council Members - Johnson, Land, Mann, Pennino and Sieglock (Mayor)
- NOES: Council Members - None
- ABSENT: Council Members - None
- ABSTAIN: Council Members - None

Alice M. Reimche
ALICE M. REIMCHE
City Clerk