



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Electric Utility Department Five-Year Planning Review

MEETING DATE: February 7, 1996

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council hear a presentation on the latest changes to federal, regional, and state proposals on electric industry restructuring and potential impacts on the City's Electric Utility Department.

BACKGROUND INFORMATION: Since the November 29, 1995, Electric Utility Department meeting with the City Council, significant changes have taken place at the Federal Energy Regulatory Commission (FERC) and the California Public Utility Commission (CPUC). These changes and our competitors' equally significant responses to these changes will have a profound impact on the way we do business in the future if we are to maintain local control and keep our competitive edge.

Our strategy should be to stay ahead of industry expectations. Even though Lodi is not under CPUC regulatory control, we should treat its deregulation schedule as if it were applicable to Lodi. This strategy helps prevent surprises, provides for flexible, innovative solutions, and most importantly, allows us to meet our customers' expectations and be a positive economic development tool.

The above strategy and requisite changes to the Electric Utility Department's current way of doing business have been incorporated into the proposed five-year plan. Presentation overheads are included (Attachment A).

FUNDING: None required

Alan N. Vallow
Electric Utility Director

ANV/JLS/pn

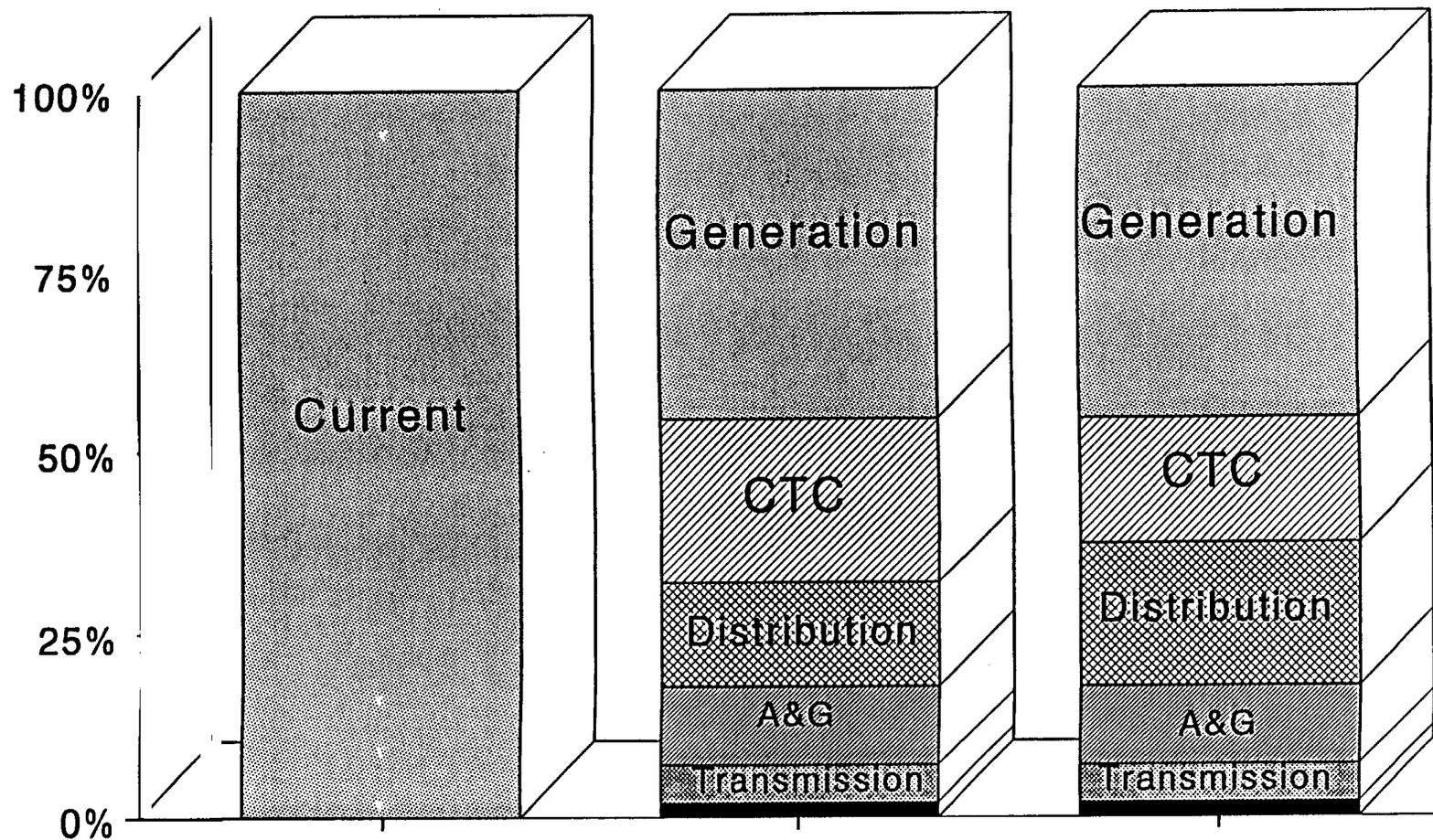
Attachment

Prepared by John L. Stone, Manager Rates and Resources

APPROVED: _____

H. DIXON FLYNN
City Manager

UNBUNDLED RATES



INDUSTRY RESTRUCTURING

- CPUC DECISION ISSUED DECEMBER 20, 1995
- PRINCIPAL POINTS OF DECISION
 - DIRECT ACCESS TO BEGIN IN 1998
 - ESTABLISH OF INDEPENDENT
TRANSMISSION SYSTEM OPERATOR
 - COMPETITIVE POWER MARKET
 - PUBLIC PURPOSE PROGRAMS
 - COMPETITION TRANSITION CHARGE
 - RATE FREEZE

IMPLICATIONS FOR LODI ELECTRIC UTILITY OPERATIONS

- **LODI MUST CHANGE TO REMAIN COMPETITIVE**
 - **ENHANCE SERVICES**
 - **UNBUNDLE RATES**
 - **DIRECT ACCESS**
 - **FINANCE DISTRIBUTION FACILITIES**