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CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, DECEMBER 12, 1995
7:00 P.M.

1. ROLL CALL

Present: Council Members - Davenport, Pennino, Sieglock and Warner (Mayor)

Absent: Council Members - Mann

Also Present: City Manager Flynn, Finance Director McAthie, Electric Utility Director Vallow, Assistant Electric Utility Director Hansen, Manager-Rates & Resources Stone, Electrical Engineer Grandi, City Attorney Hays and City Clerk Perrin

2. ELECTRIC UTILITY DEPARTMENT FIVE-YEAR PLANNING REVIEW

City Manager Flynn introduced the subject and summarized the reason for this meeting. Council Member Pennino asked City Attorney Hays to rule on whether or not Mr. Pennino had a conflict of interest. City Attorney Hays determined that, based on his review of this matter, Council Member Pennino did not have a conflict of interest.

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Electric Utility Director Vallow introduced his staff present at the meeting and asked Electric Utility Superintendent Lindstrom to update the City Council on the recent storm that passed through Lodi. The City experienced a few power outages to which staff quickly responded. Most of the outages were a result of the wind and the trees; however, the City came out well during this storm thanks in part to the tree trimming program. City Manager Flynn applauded the Electric Utility Department for its hard work during this storm.

Electric Utility Director Vallow presented the staff report to the City Council and how the next four to six meetings will progress. The electric utility industry is changing and the future of it is unknown; however, the City must anticipate what could happen and plan for these changes now. During this and over the next few meetings Council and staff will discuss the following:

- Dividing the Electric Utility Department into two functional areas: Electric Services Division and Business Planning and Marketing Division.
- Goals of the Electric Utility Department which include increasing revenue by 2% annually by increasing business, not rates; decreasing utility power supply costs by 3 - 5% annually; and eliminating the inspection and maintenance backlog.
- Fundamental questions:
 - * *What changes are occurring in the electric utility industry?* The vision will need to be reflected in the budget policies and an acceptable risk level will need to be determined and how likely it is to occur.
 - * *Who controls the changes?* This will determine the time horizon and risk factors on the market place. Our future roles will be determined to the extent to which we can exercise control and authority.
 - * *What are the likely outcomes?* We will need to compare where we are to where we want to be and to conduct scenario analyses.
 - * *Are we prepared to operate in a new environment?* The City will need to prepare by tailoring the organization and guiding policies to be flexible and responsive to change and creating an environment where risk embodied in change is minimized.
- Investigate building lower voltage transmission lines to the west of the City using *only* existing facilities.

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During these sessions, Council would also like to see the following matters included in the discussions:

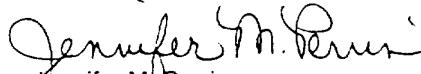
- An accurate inventory of equipment, facilities and backlog for inspection and maintenance;
- Customer service sessions with the public which would include water, electric and sewer systems;
- The City's long-term relationship with the Northern California Power Agency (NCPA);
- Suggestions regarding electric utilities made by Council Member Sieglock at a previous City Council meeting and by the Council during the budget sessions; and
- A plan needs to be developed on how the infrastructure is to be replaced.

Overall it was stressed that deregulation should have a positive impact on the citizens of Lodi because it keeps electric rates down and service up. We have the time to make the changes; however, we do not have the time to waste.
FILE NO. CC-6, CC-21(b) AND CC-51(d)

3. ADJOURNMENT

There being no further business to come before the City Council, Mayor Warner adjourned the meeting at approximately 9:00 p.m.

ATTEST:


Jennifer M. Perrin
City Clerk