

# Agenda Report

June 11, 2001

**TO:** CITY COUNCIL  
**FROM:** CITY MANAGER  
**SUBJECT:** Legislative Priorities on Energy Issues

## RECOMMENDATION:

It is recommended that: 1) the City Council approve the attached list of energy priority issues for the State 2001-2002 regular and second extraordinary legislative sessions and 2) the Mayor or City Manager be authorized to communicate the City's position on energy bills consistent with the adopted legislative priorities.

## BACKGROUND

The current energy crisis has resulted in many bills being introduced covering a wide range of related issues at both the state and federal levels. During the First Extraordinary Session of the California Legislature, bills were introduced, amended numerous times, and signed into law at a much faster pace than is customary. This accelerated pace can be expected to continue during the Second Extraordinary Session.

It is in Pasadena's best interest to have a focused approach to the City's legislative strategy on energy issues in order to respond quickly. Therefore, Pasadena Water and Power has developed a list of legislative priorities, which will guide the City's position on state and federal legislation as they relate to energy. The list of priorities support local control of the City's utility and equal access to state funds for municipal utility customers, while opposing the shifting of costs from investor-owned utility-related operations to public power customers.

Upon adoption by the Council, these priorities will be forwarded to the City's legislative advocates in Sacramento and Washington, D.C., and communicated to Pasadena's state and congressional legislative representatives. In addition, it is requested that during the remainder of the year, the Mayor or City Manager be

authorized to communicate the City's position on bills, consistent with these priorities. Staff will provide a quarterly report summarizing the bills introduced and the City position taken. Also, staff will return to Council with recommendations on any energy-related bills that raise issues not covered in the priorities.

## **PRIORITIES**

### **A. Support legislation which:**

1. Preserves and encourages municipal local control.
  - Preservation of local programs
  - No expansion of CPUC or federal jurisdiction over utility matters presently under City authority.
2. Supports a fully integrated utility's obligation to serve.
3. Promotes reform of the Independent System Operator
  - Allocate costs to the responsible entities.
  - Apply open meeting laws to the activities of the Governing Board.
  - Conform ISO to regional power scheduling similar to Western System Coordinating Council standards.
4. Promotes cost-based transmission and wholesale generation rates.
5. Provides an equal share of state funds spent to subsidize demand-side management, renewables, etc. to municipal customers.
6. Support a State Energy Authority with a limited role as a facilitator.
  - Participation in Energy Authority projects should remain optional for municipal utilities.
  - Costs associated with Energy Authority projects, initiated by the State or the ISO, should not be unfairly shifted to public power.

### **B. Oppose legislation which:**

1. Increases in State and/or Federal regulatory jurisdiction over municipal utilities.
2. Shifts costs to public power customers for programs/problems related to IOU service territories.

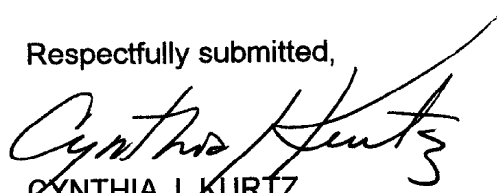
3. Unfairly hinders PWP's ability to compete, or gives potential competitors an unfair advantage over PWP in serving its customers.
4. Either seeks to confiscate municipal energy resources, mandates the sale of these resources to any entity, or prescribes how these units should be operated or maintained.

### **FISCAL IMPACT**

Existing regulations authorize local policy makers to determine how Water and Power revenues are allocated. A loss in local control may impede local programs and negatively affect other City departments by shifting allocation authority to the State.

EXHIBIT A: Energy Legislation

Respectfully submitted,



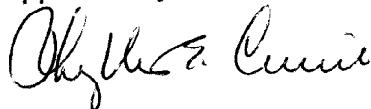
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