



OFFICE OF THE CITY MANAGER

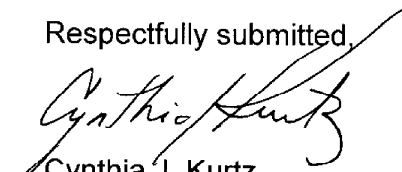
June 3, 2004

**To:** City Council  
**From:** City Manager  
**Subject:** **Federal Legislative Priorities On Energy Issues**

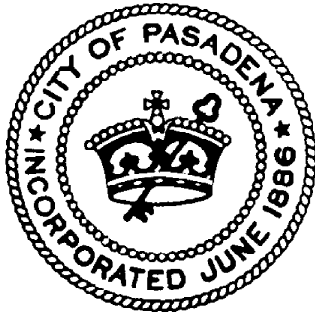
On June 1, 2004 the Legislative Policy Committee reviewed the attached report and recommended the following changes:

- Under item A.1. add an additional bullet point regarding the preservation of the City's ability to set customer prices and rates;
- Under item A.3., the first bullet point, edit the language to clarify that responsible parties should bear only their fair share of costs in relation to Independent System Operator reform; and,
- In the Fiscal Impact section emphasize that these issues could have adverse impacts on utility costs and rates.

Respectfully submitted,



Cynthia J. Kurtz  
City Manager



# Agenda Report

June 7, 2004

**TO:** City Council  
Legislative Policy Committee

**FROM:** City Manager

**SUBJECT: Federal Legislative Priorities on Energy Issues**

## **RECOMMENDATION:**

It is recommended that: 1) the City Council approve the attached list of energy priority issues for the 2004-2005 Congressional session and 2) the Mayor communicate the City's position on energy bills consistent with the adopted legislative priorities.

## **BACKGROUND**

In an effort to create a focused, pro-active legislative strategy, Pasadena Water and Power (PWP) develops a list of energy related legislative priorities each year based on current conditions. These general principles help guide the City's response to existing and emerging legislative developments. It is anticipated that PWP may need to take positions on a number of bills in the coming year unrelated to the issues listed below. Staff will return to Council with recommendations on new issues that may impact Pasadena as they arise.

Upon adoption by the Council, these priorities will be forwarded to the City's legislative advocate in Washington, D.C., and communicated to Pasadena's Congressional representatives.

## **PRIORITIES**

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

1. Preserves and encourages municipal local control.
  - Preservation of local programs
  - No expansion of FERC jurisdiction over utility matters presently under City authority, including, but not limited to mandatory participation in a Regional Transmission Organization (RTO).
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 Electricity Coordinating Council standards.
4. Promotes cost-based transmission and wholesale generation rates.
5. Provides an equal share of federal funds spent to subsidize demand-side management, renewables, etc. to municipal customers.

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

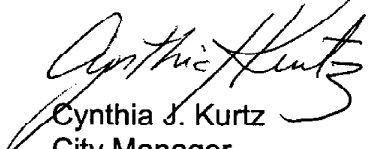
1. Increases Federal regulatory jurisdiction over municipal utilities, including, but not limited to:
  - A Standard Market Design establishing FERC as the regulating entity over a national power grid.
  - Promotes a uniform refund authority to FERC.
2. Mandates participation in a Regional Transmission Organization (RTOs).
3. Repeals the Public Utility Holding Company Act (PUHCA), without providing adequate consumer protections.
4. Shifts costs to public power customers for programs/problems related to IOU service territories.
5. Mandates specific levels of renewable resources of energy on local publicly owned utilities.

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

### **FISCAL IMPACT**

Any legislation, which reduces the City Council's local control over the Pasadena utility, could impact utility costs and rates.

Respectfully submitted,




Cynthia J. Kurtz  
City Manager

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Approved by:



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