

Agenda Report

TO:

CITY COUNCIL

DATE: September 21, 1998

FROM:

ACTING CITY MANAGER

SUBJECT:

RESOLUTION TO APPROVE PASADENA WATER AND POWER

DEPARTMENT LONG TERM CONTRACTS IN EXCESS OF

\$75,000.

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution which approves the standard terms and conditions prepared by the City Attorney's office for long term contracts which the Department may execute, pursuant to Ordinance No. _____ which authorizes the General Manager to enter into long term energy and energy services contracts with certain large customers. The Ordinance will add Section 13.04.075 to the Pasadena Municipal Code and provides the parameters for executing long term contracts with qualifying customers.

BACKGROUND

The City Council has before it an Ordinance prepared at the Council's direction by the City Attorney's office, which would grant the General Manager of the Water and Power Department the authority to execute long term contracts with certain existing commercial, industrial and institutional customers, in accordance with the terms of the Ordinance. The Department desires to retain existing customers which may otherwise accept energy and energy services from a competitor, at the time of direct access. As such, the Ordinance would authorize the General Manager to execute long term service contracts in exchange for an equity adjustment to be offered to qualifying customers. To the extent that the Department may execute contracts for energy and energy related products and services which may have a value in excess of \$75,000 during the term of the long term contracts, Section 1001 of the City Charter requires that the City Council approve such contracts.

The adoption of this resolution will eliminate the need for the Water and Power Department to bring each individual contract valued at over \$75,000 before the

MEETING OF ____9/21/98

AGENDA ITEM NO. 5.B.1.

City Council for approval. This enables the Department to more efficiently meet the needs of large customers and retain such customers as well as the expected revenues from such large customers. This resolution will only take effect if the Ordinance is adopted.

FISCAL IMPACT

The Department has identified and designated funds needed to fund the equity adjustment up to ten percent (10%) for all eligible customers during this initial period. In the future, the Department may identify and designate additional funds to offer the program in accordance with the provisions of the Ordinance, provided that no funds shall be diverted from the financial plan or from other funds designated for stranded investments or debt service. Rates shall not be increased for residential and small business customers to fund the equity adjustment contracts. The Department may retain customers that would have contracted for energy services with competitors and may secure long term revenues. No fiscal impacts are expected.

Respectfully submitted,

Acting City Manager

Prepared by:

Donald Pappe

Director, Customer Care Services

Approved:

Rufus Hlghtower General Manager

Water and Power Department