

Agenda Report

March 25, 2002

TO: City Council
THROUGH: Finance Committee

FROM: City Manager

SUBJECT: Fiscal Year 2002 Operating Budget Amendments

RECOMMENDATION

It is recommended that the City Council approve a journal voucher implementing certain amendments to the fiscal year 2002 Operating Budget for Pasadena Water and Power as detailed herein.

BACKGROUND

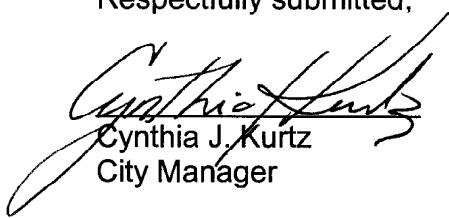
On June 11, 2001, the City Council approved and adopted the fiscal year 2002 Operating Budget. Since then, some of the operational factors and market conditions that were used to develop the Pasadena Water and Power (PWP) budgeted revenues and expenses have changed. Particularly, the projected wholesale energy and ancillary prices, and the cost of natural gas (fuel) used to generate power have declined from their unprecedented highs in the aftermath of the California electric energy crisis which greatly affected PWP last summer. This turmoil contributed to price uncertainty and clouded the market outlook for power and related services.

With the electric energy market crisis now abated, and a clearer outlook for power and related services, staff respectfully requests that the City Council approve various adjustments and amendments. The detail of these changes is itemized in the attached schedule. Staff will be available to discuss these changes in greater detail should the City Council have any questions.

FISCAL IMPACT


As a result of the aforementioned recommendations, the Light and Power Fund budgeted revenues for fiscal year 2002 will decrease by \$59,541,761. The total appropriations for the Light and Power Fund and the Water Fund will also decrease by \$50,018,017.

Respectfully submitted,



Cynthia J. Kurtz
City Manager

Approved by:



Jay M. Goldstone
Director of Finance