

MEETING of the Finance Committee of the
Clean Power Alliance of Southern California
Wednesday, July 9, 2019, 11:00 a.m.

MINUTES

*555 W. 5th Street, 35TH Floor
Los Angeles, CA 90013*

*Beverly Hills City Hall
4th Floor, Conference Room 4B
455 N. Rexford Drive, Beverly Hills, CA
90210*

*Carson City Hall
Executive Conference Room
701 E. Carson Street
Carson, CA 90745*

*Camarillo City Hall
601 Carmen Drive, Camarillo, CA 93010*

*Rolling Hills Estates City Hall
4045 Palos Verdes Drive N., Rolling Hills
Estates, CA 90274*

I. WELCOME & ROLL CALL

Chair Julian Gold called the meeting to order and the Interim Board Secretary Christian Cruz conducted roll call.

Roll Call			
Beverly Hills	Julian Gold	Committee Chair	Remote
Camarillo	Tony Trembley	Committee Member	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Santa Monica	Pam O'Connor	Committee Member	Present

II. GENERAL PUBLIC COMMENT

There were no general public comments.

III. CONSENT AGENDA

1. Approved Minutes from May 22, 2019 Finance Committee Meeting
2. Received and filed April 2019 Monthly Financial Dashboard
3. Received and filed June 2019 Risk Management Team Report

Motion: Committee Member Trembly, Camarillo

Second: Committee Member Kulcsar, Carson

Vote: Items 1 through 3 were approved by a unanimous roll call vote.

IV. REGULAR AGENDA

4. Received report from the Chief Financial Officer

David McNeil, Chief Financial Officer, highlighted that as the end of the fiscal year has passed, staff has been reviewing the fiscal year results. Mr. McNeil highlighted June weather was cooler than normal resulting in lower energy consumption. Opt-out rates were also lower than forecasted.

Mr. McNeil notified the Committee that CPA has drawn \$19 million from the CPA line of credit with an additional \$10 million to be drawn for the purchase of energy. Mr. McNeil noted that some customers have not been billed by SCE for their energy use. Committee member Zuckerman asked if SCE can reimburse interest charges incurred due to the short fall in revenue causing CPA to draw more on the line of credit. Ted Bardacke, Executive Director, indicated that there is a process, whereby CPA would have to file a complaint to Public Utilities Commission (PUC), have the ruling made in favor of CPA, and then get the courts to enforce the ruling. However, it would cost CPA more in legal fees than the damages incurred. Chair Gold asked how this was discovered. Mr. Bardacke stated it was found in three ways: 1) Remittances from SCE were lower than forecasted; 2) Customers were calling the contact center to say bills were missing; and 3) SCE reported the issue to CPA after about 2-3 weeks of CPA noticing the issue.

This item was for informational purposes only.

5. Reviewed results of Request for Proposals for Financial Audit Services and Authorized staff to negotiate a contract for Financial Audit Services with Baker Tilly

David McNeil, Chief Financial Officer, provided an overview of this item and recommended that the Finance Committee authorize staff to negotiate a contract with Baker Tilly for auditing services. Committee member Trembly asked Mr. McNeil if he has had experience working with this firm, and he indicated that yes, he has worked with them in the past. In addition, Committee member Trembly asked if this

was the lowest cost bid, to which Mr. McNeil answered yes as well. Baker Tilly, representative Bethany Ryers provided a brief presentation, via conference call. Committee member Trembly asked Ms. Ryers whether Baker Tilly is currently working with San Diego Gas & Electric, with the PUC, or any Investor Owned Utility in California. To which Ms. Ryers answered, that they are not currently providing those agencies any auditing services.

Chair Gold asked if Baker Tilly has any ongoing obligation to these agencies and if they audit any other municipalities. Ms. Ryers stated that the firm has no current obligation to the PUC, and they do audit municipalities. Chair Gold asked what process would be used in the event that Baker Tilly identifies an issue or red flag. Ms. Ryers stated that it would be brought to management, if it involves management, then it would be brought to a level above or to the Finance Committee.

Committee member Kulcsar requested that Baker Tilly provide an update to the Committee sometime in September. Mr. McNeil indicated, that as part of the process the Committee would be getting a report and update of the audit, with the ability to interview the auditor without CPA staff present.

Committee member Trembly asked, if from a risk assessment standpoint, what will Baker Tilly be able to offer to CPA, and if Baker Tilly can identify and report on potential risks to the markets and would this be part of the best practice's memo. Mr. McNeil indicated that a broader assessment of energy market risk is beyond the scope of a financial audit.

Motion: Committee Member Trembly, Camarillo

Second: Committee Member O'Conner, Santa Monica

Vote: Item 5 was approved by a unanimous roll call vote.

V. COMMITTEE MEMBER COMMENTS

Committee Member Kulcsar asked about the April financial dashboard total number of customer accounts and whether we are at a million customers or not. Mr. McNeil stated that the report doesn't include Phase 4 numbers. When phase 4 numbers are included, the total customer count should be approximately one million.

Committee Member Zuckerman asked about the higher percentage of commercial than residential accounts. Mr. McNeil clarified that the percentage is sales volume and not customer count in the financial dashboard.

VI. ADJOURNED

Chair Gold adjourned the meeting.