

MEETING of the Finance Committee of the
Clean Power Alliance of Southern California
Wednesday, August 28, 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	Absent

II. GENERAL PUBLIC COMMENT

There were no general public comments.

III. CONSENT AGENDA

1. Approved Minutes from July 9, 2019 Finance Committee Meeting
2. Received and filed May 2019 Monthly Financial Dashboard
3. Received and filed July and August 2019 Risk Management Team Report

Motion: Committee Member Kulcsar, Carson

Second: Committee Member Zuckerman, Rolling Hills Estates

Vote: Items 1 through 3 were approved as amended noting the correction of the Carson remote location room number in the minutes by a unanimous roll call vote.

IV. REGULAR AGENDA

4. Received report from the Chief Financial Officer

David McNeil, Chief Financial Officer, reported that CPA has paid off the balance of its outstanding line of credit. Mr. McNeil also stated that CPA has approximately \$5 million in cash and it is expected that CPA will continue to generate cash through much of the fall. Additionally, Mr. McNeil highlighted that CPA is continuing to recruit for a Controller. Mr. McNeil also noted that the audit process is now underway, and staff is continuing to work on the year-end closing financials. At this time, the financial results for the year look positive, however, the cooler summer weather has led to lower revenues.

Committee Member Trembly asked if the lower revenues had anything to do with the changes to the Time-of-Use (TOU) standards, as it pertained to the subset customer issue. Matt Langer, Chief Operating Officer, stated that is not the issue, but rather the financial impact arises from the recent cooler weather.

Committee Member Kulcsar asked if CPA will see another influx of cash coming in because of the delayed billing issue. Ted Bardacke, Executive Director, highlighted that cash from delayed billing will be coming in within the next month or so.

Committee Member Zuckerman asked if the Committee can receive a more current dashboard if we were to reschedule the Committee meeting dates. Mr. Bardacke highlighted that the Committee is scheduled for the fourth week of the month and it would be difficult to schedule it later and would cause the Committee to be out of alignment with the Board meeting.

Mr. McNeil reported that the auditor will provide its results to the Committee in October. Chair Gold requested that CPA schedule a longer meeting for October, and the Committee members preferred that the October Committee meeting start at 10:30AM.

There were no public comments on this item. This item was for informational purposes only.

5. Received Staff Update on SCE Rate Changes and CPA Response

David McNeil, Chief Financial Officer, highlighted that at the end of July, SCE implemented its General Rate Case (GRC) rate changes, which impacted a host of charges and the PCIA. Because rates will be going down across the board, staff thought it would be prudent to ensure our financial strength and adjust our rates to maintain the Board-approved comparison ranges that existed at the beginning of June. This would result in an increase of \$4-5 million of revenue over the balance of 2019. Staff is requesting the Committee provide input on this rate adjustment prior to the rate adjustment being put before the Board in September. Matt Langer, Chief Operating Officer, clarified that the proposed CPA rate changes would still result in a 1% savings at the Lean Power tier (36% renewable) and would put the Clean Power tier (50% renewable) at parity with SCE rates.

Committee Member Kulcsar asked if staff could utilize the bar graph with the breakdown of the PCIA, delivery, and generation, for the Board presentation. Additionally, Committee Member Kulcsar requested further information on the how CPA arrived at certain numbers on the comparison chart. Staff agreed to provide more detail on the specifics. Committee Member Kulcsar also asked how this rate change will affect our PCIA. Mr. McNeil clarified that CPA customers pay the PCIA charge directly to SCE, the charge has come down slightly, that the rate change would add to the generation charge on the CPA side. Ted Bardacke, Executive Director, also highlighted that CPA, over the past year, has been setting rates in conjunction with SCE rate changes. This is the first time CPA has had a significant amount of time to analyze the recent SCE rate change, and staff's intention to do a more in-depth analysis moving forward that allows Committees, such as Finance to provide input and feedback prior to implementing a corresponding CPA rate change.

Chair Gold requested that in the future, if possible, to bring any rate change proposal to the Finance Committee prior to the Executive Committee so any input or feedback help inform the Executive Committee prior to any action they might take. The Committee came to a consensus on the staff proposal to have a small CPA generation rate adjustment (between one and two tenths of a cent per kwh) such that the decrease in customer bills is the same for CPA and SCE, maintaining the same rate comparisons that were adopted by the Board in June.

6. Reviewed and provided input on Proposed Changes to CPA Policy No. 7 – Net Energy Metering (NEM) Service to Address Unclaimed Funds

David McNeil, Chief Operating Officer, provided a brief overview of the updated NEM policy. Mr. McNeil highlighted, that under CPA's current NEM policy, customers get a yearly cash out, if they have excess generation. For CPA, the first cash out will occur in May 2020. The policy also allows for payments to NEM customers who leave service from CPA. To date, approximately 400 of these payments have been processed. Of these payments, a few checks have been returned un-cashed. As an administrative change to the policy, CPA is looking for direction on what to do with these un-cashed checks. CPA checks expire 90 days after issuance, however, customers can still come back and request their payment at a later date and CPA would issue them a new check. Mr. McNeil clarified that the unclaimed money will not be included as revenue, and it will sit as a liability on the balance sheet.

Committee Member Zuckerman asked if the money should remain as a liability indefinitely or should there be a one- or two-year sunset, at which time it comes off as liability. Mr. McNeil stated that the organization could consider that. However, there could be a fairness issue, which could be caused by imposing a deadline. Additionally, the amount of the liability will not be financially material for a long period time. At which time, if it becomes financially material the Committee and Board can revisit this policy.

Committee Member Kulcsar asked if there were any fees associated with the checks not being cashed. Mr. McNeil clarified that CPA does not incur any fees associated with an un-cashed check. Committee Member Zuckerman asked if we should contact customers by phone or email. Mr. McNeil stated that we could consider this, but this would impose an administrative burden and the amount of the returned checks (on average less than \$20) is small. The Committee agreed with this assessment.

The Committee came to a consensus on the proposed updates to the NEM policy, which would clarify that: i) checks will be mailed to addresses on file; ii) checks expire after 90 days; and iii) former customers eligible to receive NEM cash out checks may request the reissuance of an expired or returned check at any time.

V. COMMITTEE MEMBER COMMENTS

Committee Member Zuckerman commented on the May dashboard and highlighted there was an increase over anticipated energy costs, and he asked staff to clarify. Mr. McNeil clarified that it was a timing on when CPA incurred costs related to renewable energy product attributes.

VI. ADJOURNED

Chair Gold adjourned the meeting.