

Board of Directors Meeting

Thursday, September 5, 2019
2:00 p.m.

I. Welcome & Roll Call

II. General Public Comment

III. Consent Agenda

Item 1

Approve Minutes from July 18, 2019 Board of Directors Meeting

Item 2

Authorize the Executive Director to Execute Task Order No. 6 between CPA and Ascend Analytics for Administration of CPA's 2019 Long-Term Clean Energy Request for Offers (RFO)

Item 3

Authorize the Executive Director to Execute Amendment No. 1 to the Legal Services Agreement between CPA and Clean Energy Counsel Expanding the Scope of Services to Include Legal Support for CPA's 2019 Energy Procurement, Including CPA's Long-Term Clean Energy Request for Offers (RFO), and to Add Two Potential Additional Project Negotiations

Item 4

Adopt Resolution 19-09-013 to Delegate Authority to the Executive Director to Attest to the Accuracy of CPA's 65% Renewable Product Power Source Disclosure

Item 5

Appoint Members to the Community Advisory
Committee

Item 6

Ratify CPA's Amended Position on SB 155
(Bradford) from "Oppose, unless amended"
to "Neutral"

IV. Regular Agenda

Item 7

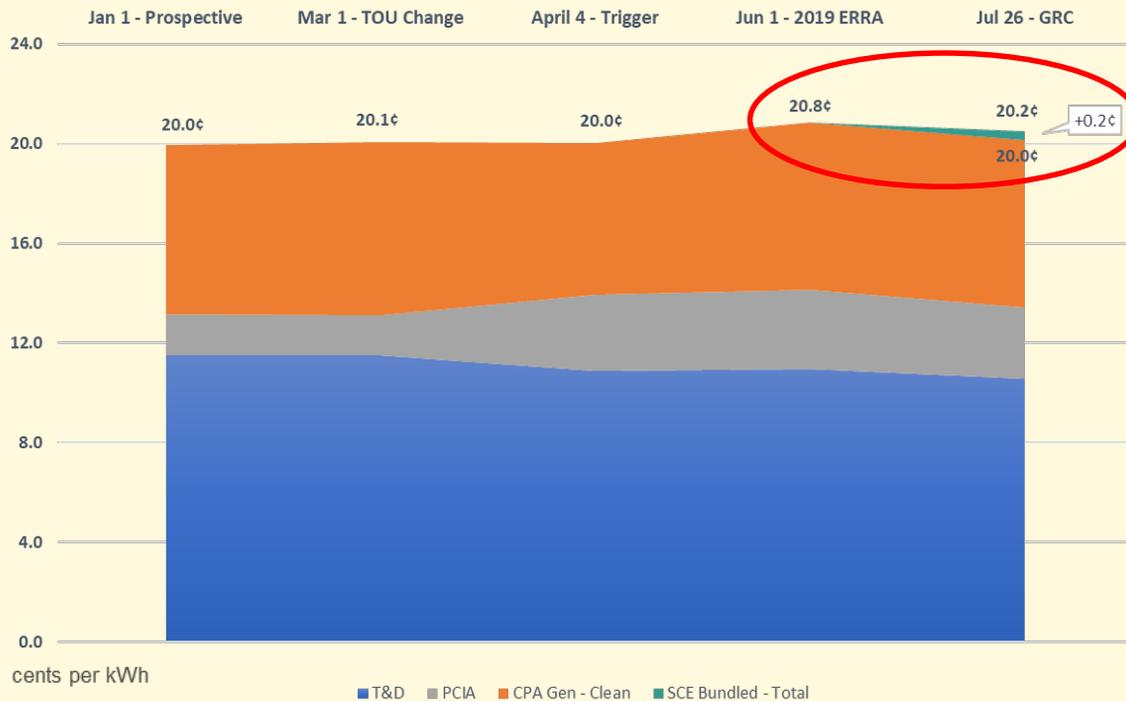
Adopt Resolution No. 19-09-014 to Approve Adjusted 2019 Rates for Phase 1 & 2 Non-Residential Customers, Resolution No. 19-09-015 to Approve Adjusted 2019 Rates for Phase 4 Non-Residential Customers, and Resolution No. 19-09-016 to Approve Adjusted 2019 Rates for Phase 3 Residential Customers

September Rates Proposal

Introduction

- Staff is recommending a rate change effective September 9 to realign CPA rates with the bill comparisons approved by the Board throughout 2019.
 - On July 26 SCE implemented its General Rate Case rate changes resulting in a rate decrease for all customers of approximately 3%.
 - This rate change caused average SCE generation rates to go down, however a new, lower PCIA caused CPA's rates to go down by even more than SCE rates.
 - Average CPA customer bills are now slightly below the bill comparisons approved by the Board throughout 2019.
- Staff conducted analysis of financial and customer impacts of returning to June rate comparison levels.
 - This realignment will result in an additional expected \$4-\$5 million in revenue between September and December 2019 while still resulting in lower customer bills than in June.

2019 Rates Movement – DOMESTIC (Clean Power)



- While there have been many rate changes in 2019 to accommodate fluctuating PCIA and generation rates, overall customer rates have returned very close to January levels.
- SCE’s July 26 rate change resulted in 0.2¢ / kWh lower rates for CPA residential customers compared to SCE’s base rate. Proposed rate change would close this gap.

Today's Proposed Rate Adjustment – DOMESTIC Rate

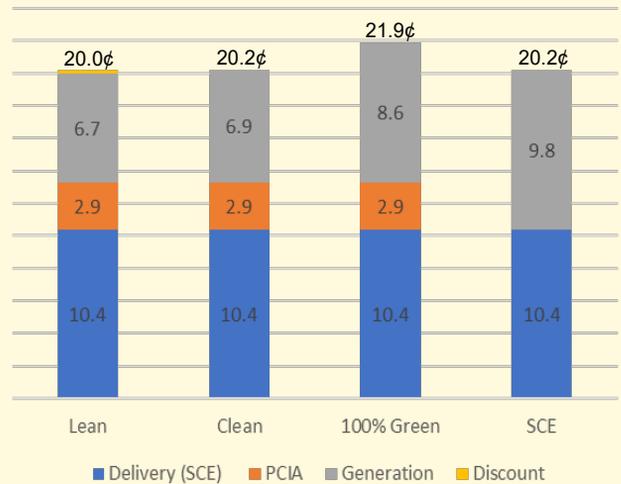
Rates Approved June 6th

DOMESTIC Rates (cents/kWh)



Today's Proposed Rates

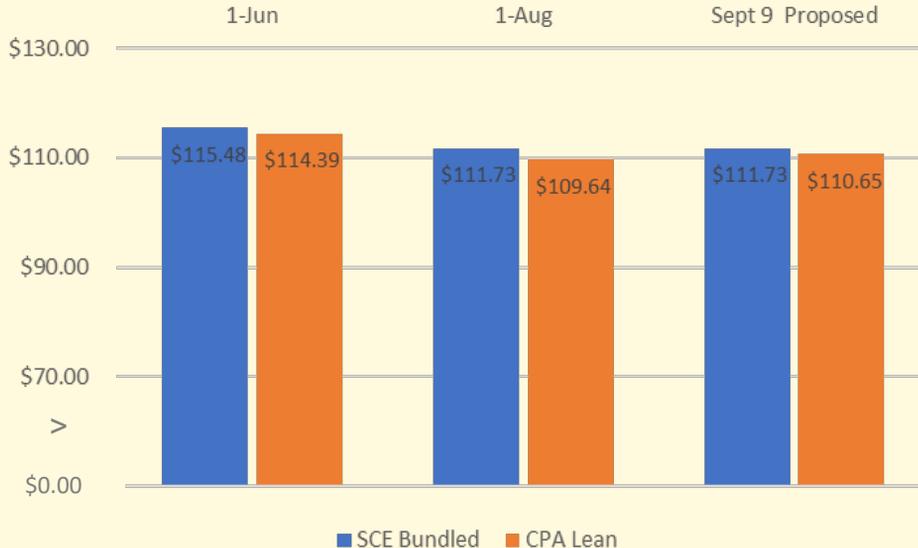
DOMESTIC Rates (cents/kWh)



DOMESTIC is the most common residential rate.

*Previous versions of this graphic utilized tariff rates. Exhibit above illustrates rates calculated from the Joint Rate Comparison.

Average Customer Bill – DOMESTIC (Lean Power)



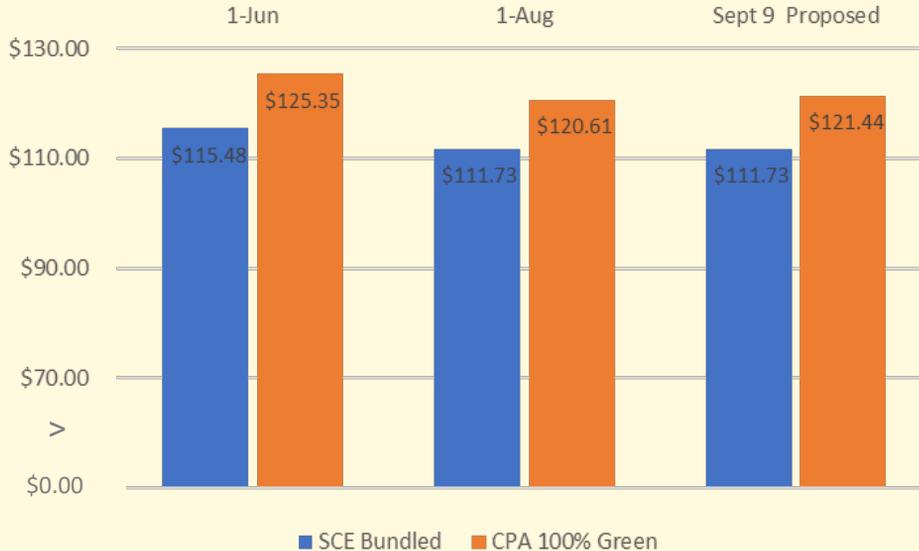
- Proposed rate change to average residential customer bill is \$1.01 per month.
- Average **Lean** customer would still be saving \$3.74 per month relative to June.
- **Lean** customer rates would remain 1% less than SCE base rates.

Average Customer Bill – DOMESTIC (Clean Power)



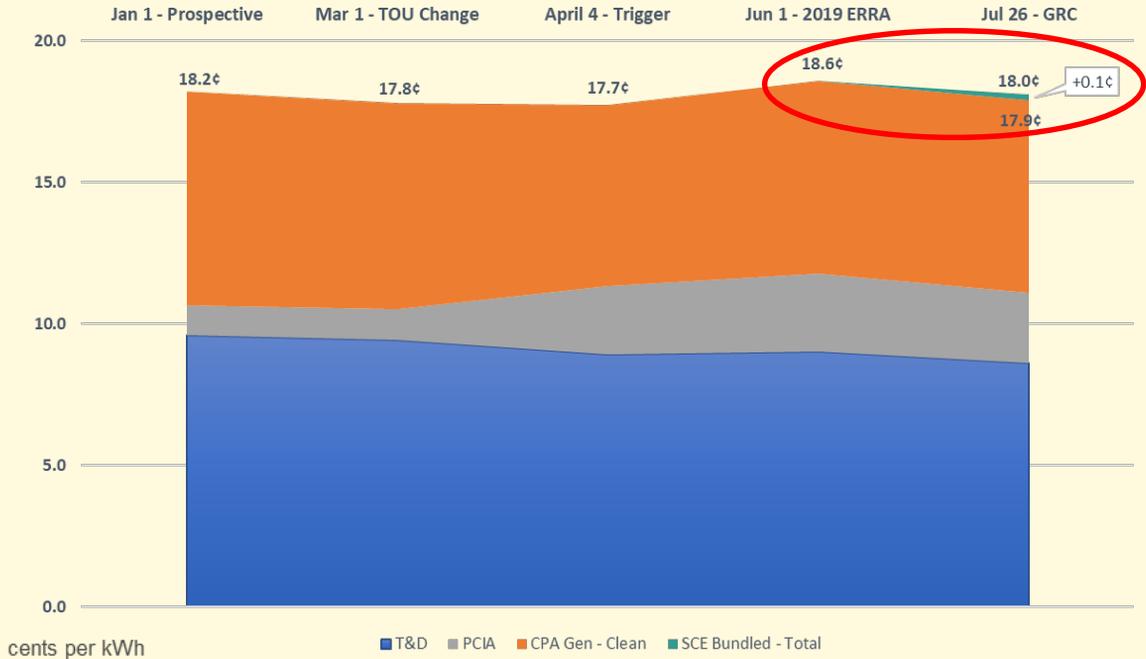
- Proposed rate change to average residential customer bill is \$0.99 per month.
- Average **Clean** customer would still be saving \$3.75 per month relative to June.
- **Clean** customer rates would remain at parity with SCE base rates.

Average Customer Bill – DOMESTIC (100% Green Power)



- Proposed rate change to average residential customer bill is \$0.83 per month.
- Average **100% Green** customer would still be saving \$3.91 per month relative to June.
- **100% Green** customer rates would remain at 9% premium to SCE base rates.

2019 Rates Movement – TOU-GS-1-E (Clean Power)

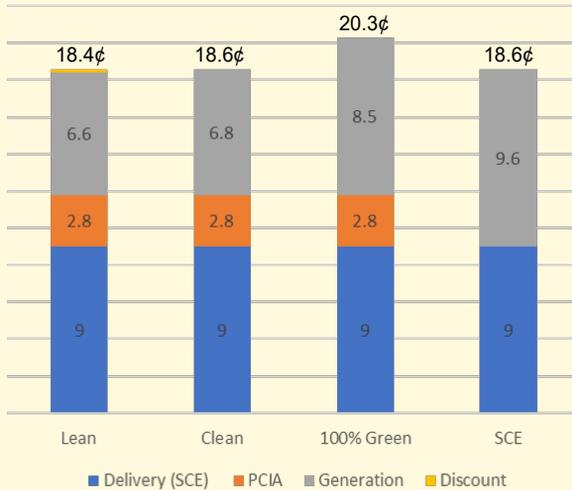


- Rates for commercial customers are now below January levels.
- SCE's July 26 rate change resulted in an overall per kWh rate delta of 0.1¢ for small business customers. Proposed rate change would close this small delta.

Today's Proposed Rate Adjustment – TOU-GS-1-E Rate

Rates Approved June 6th

TOU-GS-1-E Rate (Cents/kWh)



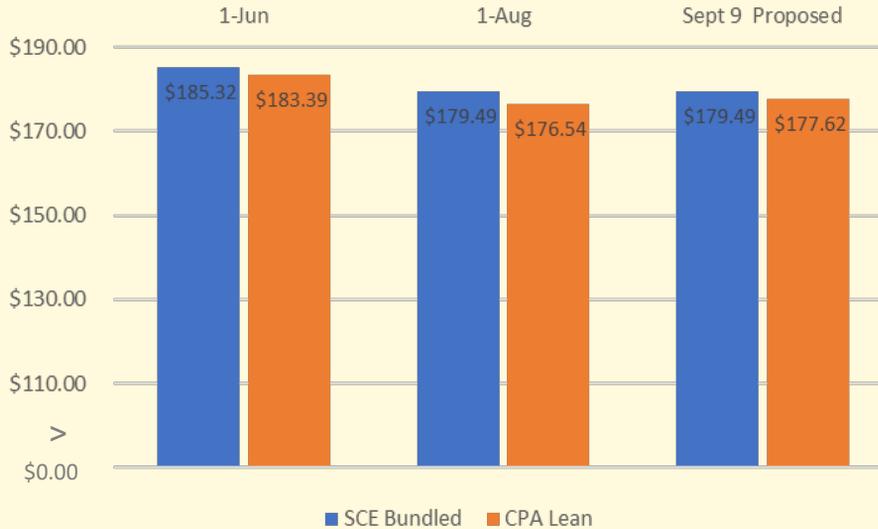
Today's Proposed Rates

TOU-GS-1-E Rate (Cents/kWh)



TOU-GS-1-E is the most common commercial rate.

Average Customer Bill – TOU-GS-1-E (Lean Power)



- Proposed rate change to average small business customer bill is \$1.08 per month.
- Average **Lean** customer would still be saving \$5.77 per month relative to June.
- **Lean** customer rates would remain 1% less than SCE base rate.

Average Customer Bill – TOU-GS-1-E (Clean Power)



- Proposed rate change to average small business customer bill is \$1.04 per month.
- Average **Clean** customer would still be saving \$5.81 per month relative to June.
- **Clean** customer rates would remain at parity with SCE base rates.

Average Customer Bill – TOU-GS-1-E (100% Green Power)



- Proposed rate change to average small business customer bill is \$0.76 per month.
- Average **100% Green** customer would still be saving \$6.09 per month relative to June.
- **100% Green** customer rates would remain at a 9% premium to SCE base rates.

Summary

- After numerous fluctuations to rates and specific rate components over the first half of 2019, overall customer rates are back close to January levels.
- After a deliberate analysis of the financial impacts of SCE's most recent rate change, staff is proposing to realign our rates to maintain 2019 bill comparison targets.
 - This rate change will still give customers a rate reduction of approximately 3% compared to June, while allowing CPA to collect much-needed additional revenue.
 - Rates will continue to reflect a 1% savings for Lean Power, parity for Clean Power and a 9% premium for 100% Green Power.
- CPA is aware of at least two upcoming SCE rate changes – one in January 2020 and one in April 2020. Staff would recommend a similarly deliberate approach to deciding whether or not to follow those rate changes.

Item 8

Adopt Resolution 19-09-017 to Approve
Amendments to the CPA Employee
Handbook

Employee Handbook Amendments and Benefits Revision

Overview

- In July 2018, the Board approved an Employee Handbook that sets policies and procedures governing employment at CPA. Employee benefits are also outlined in the Employee Handbook and are subsequently detailed in an Employee Benefits Guide.
- CPA employee benefits are significantly below market compared to other CCAs and other high-quality private and public sector employers with whom CPA competes for talent and employee retention.
- The FY 2019/2020 Board-approved budget included an allowance for an increase in personnel costs to accommodate a benefits revision, particularly in the areas of retirement contribution and health care. All proposed revisions fall within this allowance.
- Revisions to the Employee Handbook are also necessary to cover evolving practices and issues at CPA, reduce legal exposure, and address requirements for employers with greater than 25 employees.

CCA Comparison Table

| | Retirement | Health/Dental/Vision (HDV) | Transportation |
|-------------|---|---|--|
| MCE | <ul style="list-style-type: none"> • 10% contribution • No required employee contribution • 4-year equal annual amount vesting | <ul style="list-style-type: none"> • \$1575/month max allowance for HDV • \$500 cash out | <ul style="list-style-type: none"> • \$265/month for public transit commuters • \$20/month for bike commuters |
| SCP | <ul style="list-style-type: none"> • Up to 8% match contribution • Immediate vesting | <ul style="list-style-type: none"> • \$1250/month max allowance for HV • Fully paid Dental • \$525 cash out | <ul style="list-style-type: none"> • NA |
| PCE | <ul style="list-style-type: none"> • Up to 10% contribution • 6% direct contribution/4% match • 4-year equal annual amount vesting | <ul style="list-style-type: none"> • \$1000/month max allowance for Health • Fully paid Dental plus \$300/year for dependents • Fully paid Vision for employee and dependents • No cash out | <ul style="list-style-type: none"> • Auto allowance of between \$200 and \$320/month for managers and executives respectively |
| MBCP | <ul style="list-style-type: none"> • Up to 10% match contribution • Immediate vesting • Additional 14% contribution (7% employer/7% employee) by opting out of Social Security | <ul style="list-style-type: none"> • \$1200/month max allowance for HDV • \$600 cash out | <ul style="list-style-type: none"> • N/A |

CCA Comparison Table (cont.)

| | | | |
|---------------------|---|---|--|
| EBCE | <ul style="list-style-type: none"> • Up to 6% match contribution • 2-year equal annual amount vesting • Additional 14% contribution (7% employer/7% employee) by opting out of Social Security | <ul style="list-style-type: none"> • \$1250/month max allowance for HDV • \$600 cash out | <ul style="list-style-type: none"> • Auto allowance of \$400/month for executives • \$150/month public transportation commuter contribution • \$75/month walk/bike commuter benefit |
| SVCE | <ul style="list-style-type: none"> • 10% contribution • 10% required employee contribution • Immediate vesting | <ul style="list-style-type: none"> • \$1000/month max allowance for HDV • No cash out | <ul style="list-style-type: none"> • \$200/month FSA contribution (can be used for health as well) |
| CPA Current | <ul style="list-style-type: none"> • Up to 3.5% match contribution • Immediate vesting | <ul style="list-style-type: none"> • Full HDV coverage for employee at Kaiser • Kaiser-level cash allowance for PPO plans • Cash out at Kaiser level • No dependent coverage or allowance | <ul style="list-style-type: none"> • N/A |
| CPA Proposed | <ul style="list-style-type: none"> • Up to 10% contribution • 6% direct contribution/4% match • 3-year equal amount annual ownership • Employees own 100% of the employee contribution immediately. | <ul style="list-style-type: none"> • Full HDV coverage for employee at Kaiser • \$0 co-pay for dependent coverage • Kaiser-level allowance for employee and dependents (less co-pay) for PPO plans • Co-pay level to be determined annually • \$500 cash out | <ul style="list-style-type: none"> • Up to \$200/month for use of any non-auto mode for commuting |

Retirement

- Current Benefit
 - Employee will be enrolled automatically in a 401(k)-type program immediately upon employment unless they choose to opt-out. Employee is eligible for ongoing employer matching contributions of 100% of the first 1% of Employee salary and 50% of 2% to 6% of Employee salary, for a maximum total of 3.5% match.
- Recommended Benefit
 - Employee will be enrolled automatically in a 403(b) program immediately upon employment unless they choose to opt-out. Employee is eligible for ongoing employer contribution of 6% of the employee salary and up to a 4% employer match contribution, for a maximum total of 10%. Employees own 100% of the employee contribution immediately. Employees have ownership of the employer contribution and match in equal increments (i.e. 33% annually) over a three (3) year period of employment. Employees own 100% of the employer contribution and match after three (3) consecutive years of employment.
- Annual cost is approximately \$430,000 compared to current cost of \$130,000.

Medical – Health, Dental, and Vision

- Current Benefit
 - Employees are offered an individual Kaiser Plan at no cost. Employees who select a higher cost option, either PPO or other HMO, or for coverage of a spouse or dependents cover the cost difference. Cash-out options for those who have health care provided elsewhere (i.e. through a spouse) are available upon proof of coverage comparable or better than the minimum coverage offered by Clean Power Alliance.
- Recommended Benefit
 - CPA offer full health coverage at the Kaiser Platinum level for employees and dependents, as well as basic dental and vision coverage. CPA reserves the right to impose a copay for dependent coverage. Employees who select a higher cost option, either PPO or other HMO, cover the cost difference. Cash-out options for those who have health care provided elsewhere (i.e. through a spouse) are available upon proof of coverage comparable or better than the Kaiser Platinum level offered by Clean Power Alliance. The cash-out amount is \$500 monthly and may change from time to time.
- Annual cost is approximately \$280,000 compared to current cost of \$180,000

Transportation Allowance

- Current Benefit
 - NONE
- Recommended Benefit
 - Full-time employees are eligible for a transportation allowance of up to \$200 a month to offset the cost of any non-auto mode of transportation for commuting purposes.
- Reimbursement and Documentation procedure
 - Employees must submit a request for a transportation allowance on a transportation allowance form to the Human Resources manager. Employees requesting the transportation allowance certify that they use a non-auto mode of transportation to commute to work. Additionally, public transportation users must provide receipts documenting their public transportation expenses.
- Annual cost is approximately \$40,000.

Life & Disability Insurance

- Current Benefit
 - NONE
- Recommended Benefit
 - **LONG TERM DISABILITY INSURANCE**

Long-term disability (LTD) insurance shall be provided to all full-time employees at 60% of salary subject to terms of LTD carrier and capped based on salary.
 - **TERM LIFE INSURANCE**

Group life insurance shall be provided to all full-time employees at a minimum benefit amount of 1x salary and a maximum benefit amount of \$500,000, subject to the terms of the insurance carrier.
- Annual cost is approximately \$25,000.

Voluntary Employee Benefits

- Full-time employees are eligible to purchase additional voluntary plans.
- CPA does not contribute to the cost of voluntary plans. All costs will be paid by the employee. Coverage is also available for dependents under the terms of the plans.
- Examples of voluntary employee plans are:
 - Supplemental Life Insurance
 - Flexible Spending Accounts
 - Critical Illness, Cancer, and Accident plans
- These voluntary employee plans are generally only available if CPA sponsors Life and/or Disability Insurance.

Handbook Revisions

- Application of gender-neutral language throughout the handbook.
- Changes to the Pregnancy Disability Leave section to clarify that parental leave benefits apply to new mothers and fathers alike.
- Inclusion of provisions for non-exempt employees to address work hours, rest periods, timekeeping, and overtime.
- Addition of language to address cybersecurity.
- Addition of anti-nepotism language.
- Addition of a “Disciplinary Action” section.
- Modification of language to clarify outside employment guidelines.
- Update to holidays by replacing Indigenous Peoples/Columbus Day with Christmas Eve, leaving the number of paid holidays the same.
- Granting of 40 hours of Personal Time Off (i.e. floating holidays) annually after completion of employee’s introductory period

Summary

- Benefits revision will enable CPA to be competitive in attracting and retaining talent, including employees with children and across a large geographic area.
- Proposed revisions are within the benefits allowance contemplated in the Board-approved FY 2019/2020 staff budget and in-line with other CCAs.
- Revisions to the Employee Handbook are also necessary to cover evolving practices issues at CPA, reduce legal exposure, and address requirements for employers with greater than 25 employees.
- Next significant HR item will be to set official job classifications and salary ranges. Classification assessment currently underway and establishing competitive benefits assists this process.

V. Management Update

Key CPA Board Items – Q4

- Long-Term Power Purchase Agreements
- Local Programs Strategic Plan
 - October Update on Stakeholder Engagement Outcomes and Possible Program Priorities
 - December Final Plan Presentation
- Distributed Energy Resources Pilot Program
- Time of Use Transition for Residential Customers
- CalCCA Board Meeting – Redondo Beach
 - Nov 6: Workshops and State/Local Elected Officials Luncheon
 - Nov 7: Plenary Sessions/Keynotes

VI. Presentation from Southern California Edison on Public Safety Power Shutoff Program

Our Commitment to California

Keeping our communities safe from wildfires



SOUTHERN CALIFORNIA
EDISON[®]



California's wildfire problem is serious and worsening.

- Ten of the most destructive wildfires have happened since 2015
- About a quarter of our service area is located in high fire risk areas

A COMPREHENSIVE STRATEGY to prevent, combat and respond



**Bolstering Situational
Awareness Capabilities**



**Enhancing
Operational Practices**



**Hardening the
Electric Grid**

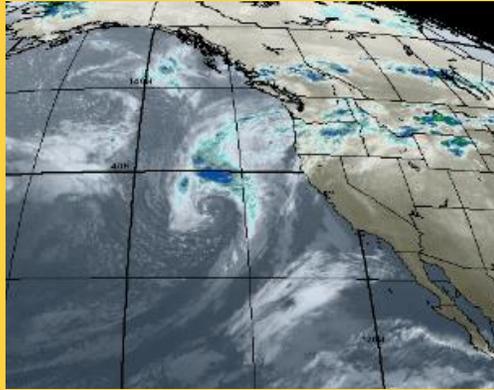


Public Safety Power Shutoff

- De-energizing power lines to prevent ignitions
- Used during elevated fire conditions
- Primarily impacts circuits in high fire risk areas

PSPS Decision Points

Decision points include, but are not limited to:



- SCE meteorologists forecast **strong wind** conditions in service area
- SCE fire scientist assessment **of fire potential** to include consideration of **weather** and **fuels**

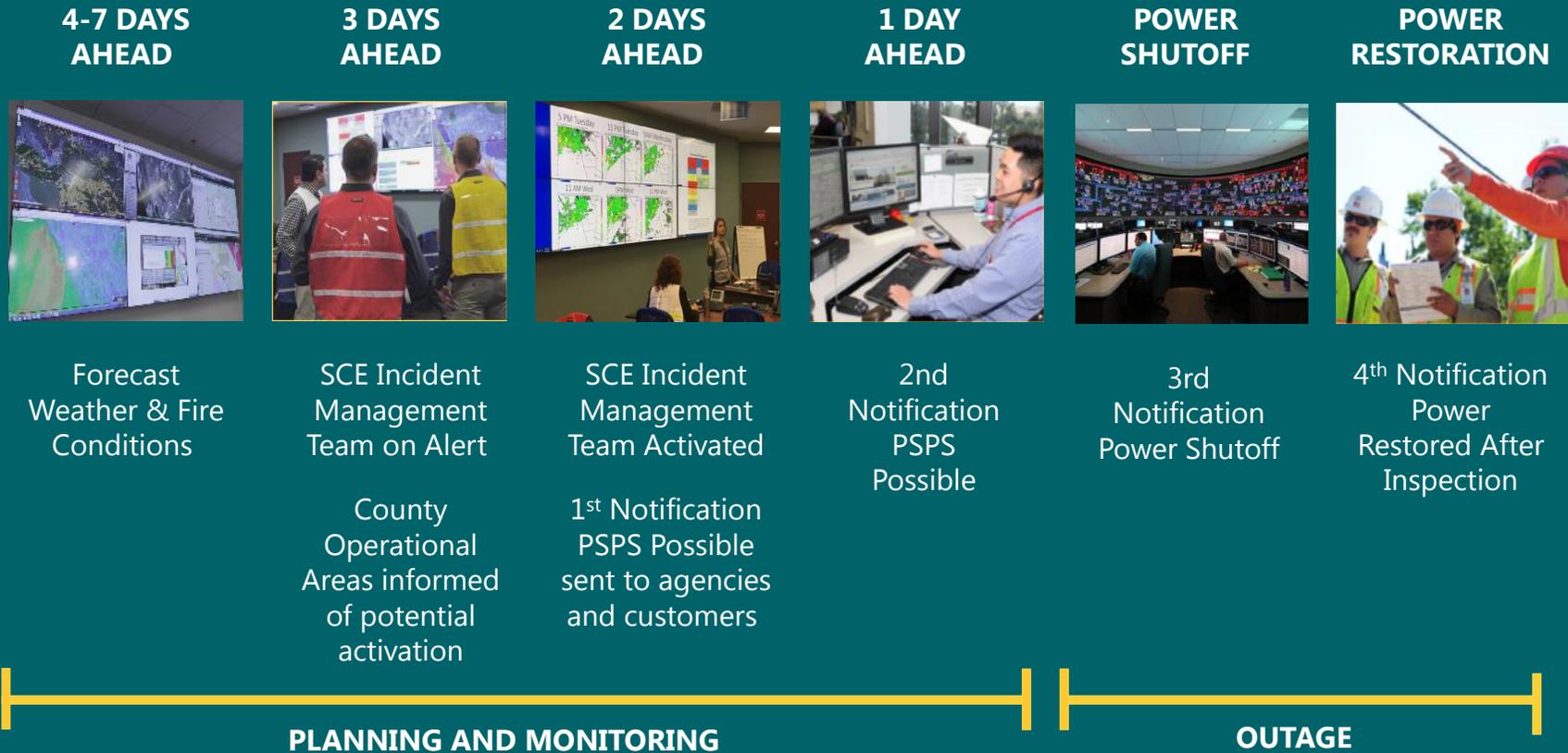


- Real-time observations from qualified electrical workers monitoring for **hazardous conditions** in the field



- Impact of de-energizing circuits on **first responders** and **essential services**

PSPS Ideal Timeline



*Erratic or sudden onset of conditions may impact our ability to provide advanced notice to customers.

Talking With Our Communities



- More than 20 community meetings scheduled in high fire risk areas
- Meetings scheduled with 120 cities, counties and tribal governments
- Statewide advertising campaign in market educating customers about preparing for power shutoffs
- Letters communicating potential power shutoffs planned for all customers in service territory

Community Resilience and Preparedness

Power Outages Can Occur for Many Reasons

- Maintenance
- Emergency Repairs
- Requests From Fire Agencies
- Natural Disasters

Have a Plan and Be Prepared

- ✓ Be Informed
- ✓ **Plan Ahead**
- ✓ Take Action



Useful Information

- Update Account Information www.sce.com/psps
- Information on SCE Wildfire Management Plan www.sce.com/wildfire
- Twitter - [@sce](https://twitter.com/sce)
- Facebook – www.facebook.com/sce
- Fire Cameras- www.alertwildfire.org
- Weather Stations – mesowest.utah.edu
- CPUC Wildfire Maps Information - www.cpuc.ca.gov/wildfiresinfo/
- Fire Preparedness - calfire.ca.gov/fire_protection/fire_protection_be_prepared
- Red Cross Emergency Preparedness
www.redcross.org/get-help/how-to-prepare-for-emergencies.html
- FEMA Emergency Preparedness – www.ready.gov



Questions...

Energy for What's AheadSM



VII. Committee Chair Updates

Legislative & Regulatory Committee Chair

Finance Committee Chair

Energy Planning & Resources Committee Chair

VIII. Board Member Comments

IX. Report from the Chair

X. Adjourn

Next Meeting – October 3, 2019

