



MEETING of the Finance Committee of the Clean Power Alliance of Southern California

Wednesday, June 23, 2021

11:00 a.m.

SPECIAL NOTICE: Pursuant to Paragraph 11 of Executive Order N-29-20, executed by the Governor of California on March 17, 2020, and as a response to mitigating the spread of COVID-19, the Finance Committee will conduct this meeting remotely.

[Click here to view a Live Stream of the Meeting on YouTube](#)

*There may be a streaming delay of up to 60 seconds. This is a view-only live stream.

To Listen to the Meeting:

<https://zoom.us/j/93989303066>

or

Dial: (669) 900-9128 Meeting ID: 939 8930 3066

PUBLIC COMMENT: Members of the public may submit their comments by one of the following options:

- **Email Public Comment:** Members of the public are encouraged to submit written comments on any agenda item to clerk@cleanpoweralliance.org up to four hours before the meeting. Written public comments will be announced at the meeting and become part of the meeting record. Public comments received in writing will not be read aloud at the meeting.
- **Provide Public Comment During the Meeting:** Please notify staff via email to clerk@cleanpoweralliance.org at the beginning of the meeting but no later than immediately before the agenda item is called.
 - You will be asked for your name and phone number (or other identifying information) similar to filling out a speaker card so that you can be called on when it is your turn to speak.
 - You will be called upon during the comment section for the agenda item on which you wish to speak on. When it is your turn to speak, a staff member will unmute your phone or computer audio.
 - You will be able to speak to the Committee for the allotted amount of time. Please be advised that all public comments must otherwise comply with our Public Comment Policy.
 - Once you have spoken, or the allotted time has run out, you will be muted during the meeting.

If unable to connect by Zoom or phone and you wish to make a comment, you may submit written comments via email to: clerk@cleanpoweralliance.org.

*While downloading the Zoom application may provide a better meeting experience, Zoom does not need to be installed on your computer to participate. After clicking the webinar link above, click "start from your browser."

Clean Power Alliance Finance Committee
June 23, 2021

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at clerk@cleanpoweralliance.org or (213) 713-5995. Notification in advance of the meeting will enable us to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

PUBLIC COMMENT POLICY: *The General Public Comment item is reserved for persons wishing to address the Committee on any Clean Power Alliance-related matters not on today's agenda. Public comments on matters on today's Consent Agenda and Regular Agenda shall be heard at the time the matter is called. Comments on items on the Consent Agenda are consolidated into one public comment period.*

Each speaker is customarily limited to two (2) minutes (in whole minute increments) per agenda item with a cumulative total of five (5) minutes to be allocated between the General Public Comment, the entire Consent Agenda, or individual items in the Regular Agenda. Please refer to Clean Power Alliance [Policy No. 8 – Public Comments](#) for more information.

CALL TO ORDER & ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. [Approve Minutes from the May 26, 2021 Finance Committee Meeting](#)
2. [Receive and File May 2021 Risk Management Team Report](#)
3. [Receive and File May 2021 CPA Investment Report](#)

REGULAR AGENDA

4. [Report from the Chief Financial Officer](#)
5. [Review and Recommend Approval of Proposed Collections Policy to the Board of Directors](#)

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING JULY 28, 2021

Public Records: *Public records that relate to any item on the open session agenda for a Committee Meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all, or a majority of, the members of the Committee. Public records are available for inspection online at www.cleanpoweralliance.org/agendas.*

MINUTES

MEETING of the Finance Committee of the
Clean Power Alliance of Southern California
Wednesday, May 26, 2021, 11:00 a.m.

The Finance Committee conducted this meeting remotely, in accordance with California Governor Newsom's Executive Order N-29-20 and COVID-19 pandemic protocols.

CALL TO ORDER & ROLL CALL

Chair Julian Gold called the meeting to order at 11:01 a.m. and Clerk of the Board, Gabriela Monzon, conducted roll call.

Roll Call			
Beverly Hills	Julian Gold	Committee Chair	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Claremont	Corey Calaycay	Committee Member	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Santa Monica	Pam O'Connor	Committee Member	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from the April 28, 2021 Finance Committee Meeting
2. Receive and File April 2021 Risk Management Team Report
3. Receive and File April 2021 CPA Investment Report
4. Receive and File March 2021 Financial Report

Motion: Committee Member Calaycay, Claremont

Second: Committee Member Zuckerman, Rolling Hills Estates

Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

5. Report from the Chief Financial Officer

David McNeil, Chief Financial Officer, provided an update on CPA operations highlighting that CPA has \$37 million available on its line of credit with 30-45 days liquidity on hand as it enters the fiscal year. Mr. McNeil reviewed the customer payment dashboard, touched on budgeted funds for bad debt, and emphasized that state programs will provide relief in past due utility bills as well as the general economic recovery underway.

6. Review and Recommend Approval of Proposed FY 2021/22 Budget to the Board of Directors

Mr. McNeil reviewed the FY 2021/22 budget and described the process and key takeaways, including rising energy costs offset by increasing revenue arising from retail rate increases; net operating expenses set to decline even as CPA makes investments in staff, customer programs, communications, and data & systems; a budgeted \$29.9 million increase in the net position at the end of the fiscal year, thereby increasing reserves to \$114.6 million. Mr. McNeil reviewed the net energy revenue reflecting the Board-approved ratemaking approach as well as higher energy and resource adequacy (RA) costs and the cost savings from Board-approved power content changes. The budget also includes rate differentials for Lean and Clean residential and small business customers to offset the impacts of continued rising energy prices and potential customer opt-outs; increase revenue by approximately \$6 million; translates to an average impact of .40 to .60 cents per month for residential and small business customers, respectively. Included in the net energy revenue is an allocation for bad debt equal to 0.5% of revenue and this decrease from the previous budget is largely due to overall economic recovery and suspension of disconnections; state bill relief programs; and upcoming CPA collections activities. Mr. McNeil discussed operating expenses, income, and reserves. Key operating budget priorities include containing costs to current levels, made possible by CPUC funding that will offset internal costs related to Power Share, AMP revenues expected to offset communications costs, and revenue from the workforce development program. Mr. McNeil provided a staffing overview: CPA will focus on retention and recruitment in a highly competitive market; hiring of entry and junior level positions, while maintaining staff costs at industry leading 1.1% of total costs.

In response to Committee Member Zuckerman's question regarding customer disconnections and SCE collections activities, Mr. McNeil explained that SCE halts collections on accounts for customers whose service has already been disconnected and is no longer a customer. Chair Gold asked how the days liquidity is defined, to which Mr. McNeil explained that the days liquidity on hand is a point in time calculation where both cash and investments, operating expenses, and the unused line of credit are all part of the calculation used to measure days liquidity. In response to Committee Member Kulcsar's questions, Mr. McNeil indicated that the budget includes costs for hiring of staff throughout the fiscal year, reflecting strategy, training, and onboarding timelines. Committee Member Zuckerman inquired as to plans for customer acquisition, and Ted Bardacke, Executive Director, clarified that the term refers to acquisition for programs and not new customers.

Motion: Committee Member O'Connor, Santa Monica

Second: Committee Member Calaycay, Claremont

Vote: Item 6 was approved by a roll call vote.

7. Review and Approve Selection of Baker Tilly as Independent Financial Auditor for CPA's FY 2020/21 Financial Statements

Mr. McNeil provided a brief report of the item, explaining that Baker Tilly understands the CCA and electricity business and is already familiar with CPA's operations. Baker Tilly does have an engagement with Southern California Edison, however, none of the staff who work on that engagement are also working on CPA's audit.

Chair Gold indicated that there might be a need to discuss contract terms in the future if CPA decides to change auditor.

Motion: Committee Member Zuckerman, Rolling Hills Estates

Second: Committee Member Kulcsar, Carson

Vote: Item 7 was approved by a roll call vote.

COMMITTEE MEMBER COMMENTS

Committee Member Calaycay thanked staff for their work to avoid financial difficulties like those experienced by Western Community Energy.

Committee Member O'Connor informed the Committee that Director Kevin McKeown from the City of Santa Monica announced his resignation from the City Council.

ADJOURN

Committee Chair Gold adjourned the meeting at 11:56 p.m.

DRAFT

Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Finance Committee
From: Matthew Langer, Chief Operating Officer
Approved by: Ted Bardacke, Executive Director
Subject: Risk Management Team Report
Date: June 23, 2021

May 2021 RMT REPORT

Key Actions

- Discussed anticipated heat events in June 2021 and potential risk mitigation strategies.
- Reviewed short-term and long-term energy position and approved energy hedge solicitations for 2021 – 2023.
- Reviewed 2021-2024 renewable and carbon free positions and approved a solicitation for carbon free purchases.
- Reviewed 2021-2025 Resource Adequacy positions and discussed the Southern California Edison’s Central Procurement Entity Local RA RFO.

Policy Compliance

The following policy deviations were reported:

Policy Deviation	Required Action
Due to elevated forward power prices, several of CPA’s counterparties have credit exposures that exceed their designated credit limits.	CPA will follow up with counterparties to request actions to minimize credit exceedances, or pause additional purchases from counterparties until credit limit exceedances have been resolved.

ATTACHMENT

None.

Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Finance Committee
From: David McNeil, Chief Financial Officer
Subject: CPA Investment Report
Date: June 23, 2021

RECOMMENDATION

Receive and file.

ATTACHMENT

- 1) [May 2021 Investment Report](#)

**Clean Power Alliance
Investment Report
May 2021**

Fund Name: Local Agency Investment Fund

Beginning Balance	2,514,231
Interest Paid (1)	-
Deposits	-
Withdrawals	-
Ending Balance	2,514,231
Interest Earned (2)	648
Average Monthly Effective Yield	0.315%

1. Interest is paid quarterly effective 15 days following the end of the quarter

2. Interest earned is based on daily compounding, account balances and monthly effective yield published by LAIF



Staff Report – Agenda Item 4

To: Clean Power Alliance (CPA) Finance Committee
From: David McNeil, Chief Financial Officer
Subject: Report from the Chief Financial Officer
Date: June 23, 2021

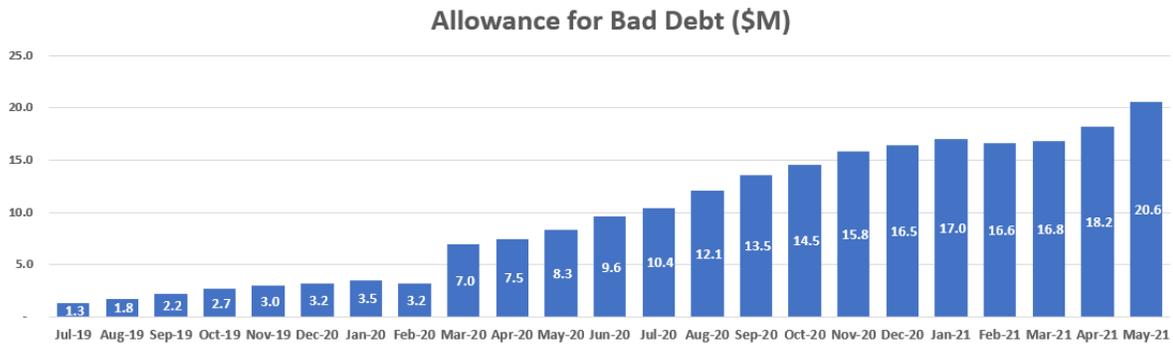
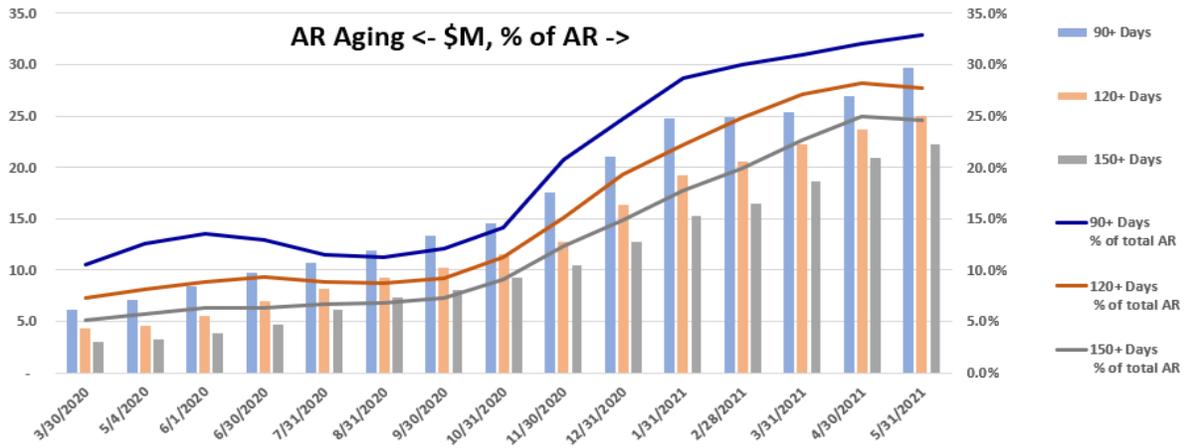
The Chief Financial Officer will provide a report on the following items:

- April 2021 financial results
- CPA cash flow and treasury activity

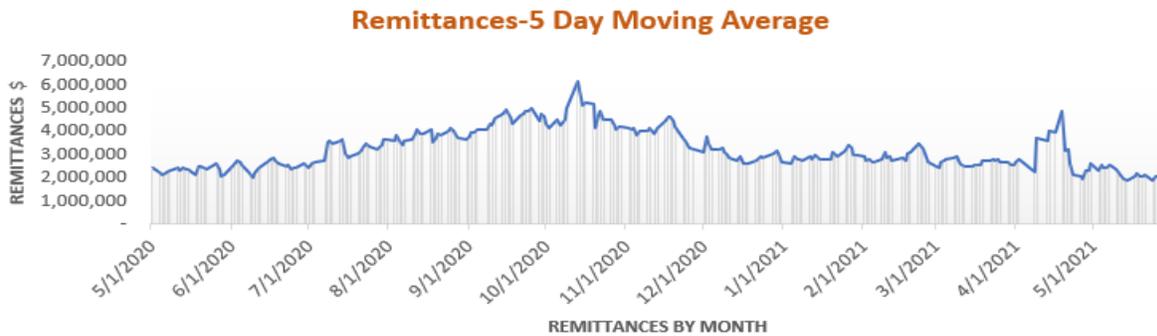
ATTACHMENTS

- 1) [May 2021 Customer Payment Dashboard](#)
- 2) April 2021 Financial Dashboard

**Clean Power Alliance
Customer Payment Dashboard
Updated 5/31/2021.**



AR Aging Commerical/Residential Split 5/31/2021									
	90+ Days		120+ Days		150+ Days		Total Category AR	90+ Days - % of Category AR	Increase in 90+ Day since SIP
Residential	\$ 21,252,000	72%	\$ 18,049,000	72%	\$ 15,918,000	72%	\$ 51,413,000	41.3%	\$ 17,505,000 73%
Commercial	\$ 8,445,000	28%	\$ 6,996,000	28%	\$ 6,280,000	28%	\$ 38,806,000	21.8%	\$ 6,604,000 27%
Total	\$ 29,697,000	100%	\$ 25,044,000	100%	\$ 22,198,000	100%	\$ 90,219,000		\$ 24,109,000





Staff Report – Agenda Item 5

To: Clean Power Alliance (CPA) Finance Committee
From: David McNeil, Chief Financial Officer
Approved by: Ted Bardacke, Executive Director
Subject: Collections Policy
Date: June 23, 2021

RECOMMENDATION

Review and recommend approval of proposed collections policy to the Board of Directors.

ATTACHMENTS

- 1) [Proposed Policy No. 2021-17 - Collections Policy](#)
- 2) [Collections Policy Presentation](#)



Policy Title	Collections Policy		
Policy Number	2021-17	Effective:	

Proposed

I. PURPOSE

This policy establishes Clean Power Alliance’s (CPA) rules governing pre-collection notifications to customers, and the process by which a third-party collection agent will collect past due funds on CPA’s behalf.

II. COLLECTIONS

A. All customers must pay all outstanding CPA charges for the period in which the customer received service from CPA.

B. Collections Criteria. Any customer account that meets the following criteria may be referred for collections to a collection agency(ies) designated by CPA.

1. Has a balance of \$50.00 or more; and,
2. Outstanding CPA charges are not subject to collection by SCE.

C. Notifications.

1. Unpaid Charge Notification. Any customer account that meets the collections criteria specified in Section II.B. will receive an unpaid charge notice informing the customer that the customer’s account will be referred to a collection agent designated by CPA within 30 calendar days of the date of the unpaid charge notification.
2. Effective Date. Unpaid charge notifications will begin to be sent no earlier than September 1, 2021.

D. Once CPA sends a customer account to the designated collection agency, the customer must work directly with the designated collection agency to resolve outstanding charges owed.

E. Collection Agent

1. CPA may engage one or more collection agents to collect past due funds from CPA customers on CPA’s behalf (Collection Agent).

2. The Collection Agent retained by CPA shall comply with all laws or regulations relating to consumer protection, credit reporting or monitoring, debt collections, or other similar laws or regulations.
 3. On no less than an annual basis, CPA shall review the practices and results of the Collection Agent and shall take immediate action to address any performance concerns.
 4. CPA may authorize the Collection Agent to reach settlements with customers that result in the recovery of past due funds. Negotiated settlements with a customer in excess of \$2,500 must be approved by the Executive Director or the Executive Director's designee. Negotiated settlements with a customer in excess of \$125,000 must be approved by the Board of Directors.
 5. No CPA interest, penalties, or fees will be assessed on any customer account.
 6. If customer has not paid within 180 days following the initiation of the collections process, the Collection Agent may file credit reporting information on the customer with all applicable credit monitoring agencies.
 7. Collections Agent is authorized to pursue legal action on behalf of CPA.
- F. Executive Director Discretion. The Executive Director or the Executive Director's designee may, in their discretion, cancel, recall an account from the designated collection agency, or otherwise deviate from the collection process specified in this policy.



Item 5

Proposed Collections Policy

June 23, 2021

Recommendation:

Recommend Approval of Proposed Collections Policy to the Board of Directors

Collections - Background

- CPA charges appear on SCE bills and are collected by SCE. During the normal course of business, SCE returns receivables – charges owed by customers to CPA – that SCE is no longer required to collect
- Examples of circumstances in which SCE returns receivables to CPA
 - accounts are closed (move outs)
 - a customer has been disconnected due to non-payment
 - a customer is bankrupt
 - active accounts with receivables more than 180 day past due
- SCE suspended disconnections in April 2020 and increased the past due receivables threshold for active accounts to 360 days +. The disconnection process is scheduled to resume this summer following appropriate noticing by SCE
- SCE has returned nearly \$6 million of accounts receivables to CPA since March 2020
- CPA plans to hire a collection agent or agents who will commence collection activities in September. Collecting returned receivables can reduce past due accounts receivable balances and reduce CPA's bad debt expense

Collections Policy Overview

- Purpose: The purpose of the collections policy is to govern collections of receivables that are no longer being collected by SCE and have been returned by SCE to CPA.
- Collections Criteria: Any customer account that meets the following criteria may be referred for collections to a collection agency or agencies designated by CPA.
 1. Has a balance of \$50.00 or more; and,
 2. Outstanding CPA charges are not subject to collection by SCE.
- Notices: Customers will receive an unpaid charge notice informing the customer that the customer's account will be referred to a collection agent. Notifications will begin no earlier than September 1, 2021.

Collections Policy Overview

- Collection Agent: CPA may engage one or more collection agents to collect past due funds from CPA customers on CPA's behalf. The Collection Agent retained by CPA shall comply with all laws or regulations relating to consumer protection, credit reporting or monitoring and debt collections. CPA will review the practices and results of the Collection Agent annually and will take action to address any concerns.
- CPA may authorize the Collection Agent to reach settlements with customers; settlements more than \$2,500 must be approved by the Executive Director; settlements more than \$125,000 must be approved by the Board
- No CPA interest, penalties, or fees will be assessed on any customer account.
- If customer has not paid within 180 days following the initiation of the collections process, the Collection Agent may report the customer to a credit rating agency. Collections Agent is authorized to pursue legal action
- Executive Director Discretion: The ED has discretion to approve policy exceptions in for instance in cases of emergency (pandemic), or particular cases (customers about to receive utility bill relief)

SCE Collections Process – Disconnection Example

SCE's Collection Process

Example of SCE's residential Collection Path:



Energy for What's Ahead™



- SCE's disconnection and collection process is complex. The example above reflects a portion of their process
- In the above example CPA collections would begin once the customer has been disconnected and the receivable returned to CPA
- Disconnection process (beginning with notices) is anticipated to resume in summer 2021

Recommendation:

Recommend Approval of Proposed Collections Policy to the Board of Directors

Thank you. Questions?