

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.