

## **MINUTES**

MEETING of the Executive Committee of the  
Clean Power Alliance of Southern California  
Wednesday, May 19, 2021, 1:30 p.m.

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

### **CALL TO ORDER AND ROLL CALL**

Chair Diana Mahmud called the meeting to order at 1:33 p.m. and Clerk of the Board, Gabriela Monzon, conducted roll call.

<b>Roll Call</b>			
<b>Agoura Hills</b>	Deborah Klein Lopez	Committee Member	Remote
<b>Beverly Hills</b>	Julian Gold	Committee Member	Remote
<b>Camarillo</b>	Susan Santangelo	Committee Member	Remote
<b>Los Angeles County</b>	Sheila Kuehl	Vice Chair	Remote
<b>Rolling Hills Estates</b>	Steve Zuckerman	Committee Member	Remote
<b>Sierra Madre</b>	Robert Parkhurst	Committee Member	Remote
<b>South Pasadena</b>	Diana Mahmud	Chair	Remote
<b>Ventura County</b>	Linda Parks	Vice Chair	Remote
<b>West Hollywood</b>	Robyn Eason	Alternate Committee Member	Remote

All items are unanimously approved unless otherwise stated.

### **GENERAL PUBLIC COMMENT**

There were no public comments.

### **CONSENT AGENDA**

1. Approve Minutes from April 21, 2021 Committee Meeting

**Motion:** Committee Member Gold, Beverly Hills  
**Second:** Vice Chair Kuehl, Los Angeles County  
**Vote:** Item 1 was approved by a roll call vote.

## **REGULAR AGENDA**

### **2. Oral Update from the Executive Director on CPA Operations**

Ted Bardacke, Executive Director, discussed summer reliability preparations throughout the state, stated that CPA is focusing on bringing more batteries online to meet its resource adequacy (RA) requirements, as well as gearing up for Peak Management Pricing and Power Response events. Mr. Bardacke also noted that some new battery projects are facing delays due to global supply chain challenges; this is not unique to CPA.

In response to Committee Member Zuckerman's question, Mr. Bardacke noted that supply delays will not affect RA requirements. Chair Mahmud inquired as to the untimely access to customer meter data and the challenges with the billing system. Mr. Bardacke responded that the issue of reliability raised in Southern California Edison's (SCE) General Rate Case has given momentum to the timely access to data; while the billing system has faced several challenges on the back end, including atypical customer communications, there have been very few opt-outs.

### **3. Review Draft Fiscal Year 2021/2022 Budget**

David McNeil, Chief Financial Officer, and Mr. Bardacke provided a summary of CPA's budget process, where key considerations include, energy costs offset by increases in revenue arising from anticipated retail rate increases, and budgeted expenses set to decline as a result of investments in staffing, customer programs, communications, and data & systems. The draft budget includes a \$28 million increase in the net position which would increase reserves to \$113 million by the end of the fiscal year. Mr. McNeil reviewed sections of the proposed budget that reflect CPA's base case load forecast, opt-out assumptions associated with rate changes, and the Board-approved rate making approach. Mr. McNeil highlighted that when opt-out impacts are factored into the budget, the differentials for Lean and Clean products need to be slightly adjusted; about .40 cents for residential and .60 cents for small business customers. CPA has reduced bad debt assumptions, mainly because as disconnections resume, customers will begin making payments; additionally, more funding and bill relief programs will provide further relief to customers. The \$28 million increase in the net position includes adjustments to rates, which is shy of the \$30 million annual target in net position; CPA plans to make additional adjustments and increase differentials for Lean and Clean residential and small business customers to get closer to the \$30 million target. Mr. McNeil discussed operating budget priorities, which are to contain costs; reduce capital outlay by 50%; build out the middle to lower levels of the organization; properly resource management of energy costs; invest in customer programs and communications. Operating expenses reflect the budget priorities previously presented and about 40% of expenses are fixed by regulatory or contractual obligations. Mr. Bardacke reviewed reimbursable, state-funded, and strategic customer programs. The communications budget is aimed at increasing brand awareness and loyalty, increase activities to support customer assistance programs with high ROI, and program marketing support. Mr. Bardacke noted that mid and junior level hiring across the organization will build internal capacity and support; the budget includes cost of living adjustments (COLA) and merit increases. CPA will add staff to the procurement, finance, and risk management

teams and Mr. Bardacke described some of the operations needing further support to reduce cost and risk. As CPA increases its use of data, dedicated staff to manage cybersecurity risks are needed. There is also a need for support in key external and internal CPA functions. Future staffing growth is dependent on customer programs and CPA's regulatory focus and expansion.

Committee Member McKeown asked how the 50% reduction in capital outlay will impact customers, staff, and the Board. Vice Chair Kuehl asked how the current budget reflects early discussion about customer incentives for customers. Mr. Bardacke explained that the capital outlay arises primarily from potential office expenses and investment in the new website; noted that the budget reflects the priorities listed in the local programs strategic plan. Committee Member Gold asked for further context on the reduction of bad debt and the expectation for repayment of bad debt as it relates to accounts receivables. Mr. McNeil noted that two different methodologies are used for budgeting and accounting for bad debt; Mr. Bardacke added that the Governor budgeted \$2 billion for utility bill relief and the legislature will determine how most funds will be distributed. In response to Vice Chair Parks and Committee Member Zuckerman's questions, staff noted that CPA prefers to hit the \$30 million target but is sensitive to the rate adjustments needed to achieve the target; building reserves and bringing new resources online over time will help to manage volatility. Chair Mahmud posed questions regarding bad debt planning, collections activities, state funding for debt relief, and the timeline for investment-grade credit rating. Mr. McNeil explained that CPA's conservative approach to bad debt is consistent with pre-COVID economic conditions, with the caveat that the agency did not have a substantial history as a fully enrolled CCA. CPA will be introducing a collections policy to pursue collections when SCE stops collecting on CPA's behalf, noting that SCE will continue to collect on its portion of the bill. Mr. Bardacke stated that all indications suggest customers will not have to apply for bill relief, rather, bill relief will be provided as a write-off by the utilities based on eligibility and direct payment will be made to the utility that wrote off the debt. Mr. McNeil pointed out that the budget is in line with the current timeline for achieving an investment-grade credit rating and staff will begin to engage with credit agencies in the first quarter of 2022. Committee Members Gold and Zuckerman expressed support for the 0.1-0.2 percentage adjustments in the Lean and Clean rate products which get CPA closer to the \$30 million target, translates to .40 cents for residential, and .60 cents for small business customers and do not result in large differences in customer bills but can have a great impact in CPA operations.

4. Review Draft Agenda for June 3 2021 Board of Directors Meeting

Mr. Bardacke reviewed the Board agenda, including progress on power purchase agreements and a new quarterly communications report.

Vice Chair Parks requested a staff presentation to the Ventura County Board of Supervisors on the status of online facilities serving CPA customers; asked for an update on Assembly Bill (AB) 1139. Mr. Bardacke explained CPA has not taken a position on the bill since it does not directly affect CPA; however, it does affect customers and the direction of net energy metering overall. A proceeding at the California Public Utilities Commission (CPUC) would determine if customers are accredited for generation by their rooftop solar systems at the retail or wholesale rate, which would be a dramatic reduction; and whether the Investor Owned

Utilities (IOUs), can institute a fixed charge for grid operations and maintenance. AB 1139 would force the CPUC to decide but also places parameters on how that decision should be framed. Vice Chair Parks noted that costs overall will mean customers will have to pay more because of SCE. Mr. Bardacke informed the Executive Committee that a presentation on Net Energy Metering policy will be made to the full Board on July 1.

**COMMITTEE MEMBER COMMENTS**

Chair Mahmud noted that it seems to be appropriate for CPA to promote Power Share, the demand response program, given SCE's promotion of its critical care program, and requested that the External Affairs team create and share a flyer that Committee Members can post on their city's website and share at their own Council Meetings.

**ADJOURN**

Chair Mahmud adjourned the meeting at 3:08 p.m.