



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

Wednesday, August 25, 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://us06web.zoom.us/j/85411873266>

or

Dial: (253) 215-8782 Meeting ID: 854 1187 3266

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
August 25, 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 June 23, 2021 Finance Committee Meeting](#)
2. [Receive and File June and July 2021 Risk Management Team Reports](#)
3. [Receive and File June and July 2021 CPA Investment Reports](#)
4. [Receive and File April 2021 Restated and May 2021 Financial Dashboards](#)

REGULAR AGENDA

5. [Report from the Chief Financial Officer](#)
6. [Banking Agreement Update](#)

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING SEPTEMBER 22, 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, June 23, 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 11:04 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 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

In response to Committee Member Kulcsar's questions regarding hedging strategies on Item 2 and CPA's conservation efforts, Matt Langer, Chief Operating Officer, explained that staff evaluates the type, amount, pricing of hedging needed to manage market exposure, and the likeliness of extreme heat. Although conservation efforts are part of the strategy to deal with extreme heat events, CPA's risk management strategy does not rely on conservation instead of hedging.

Motion: Committee Member Calaycay, Claremont

Second: Committee Member Kulcsar, Carson

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's cashflow and treasury activity, noting that there has been a fairly steady decrease in liquidity since the beginning of the year. Though some of it is seasonal, some of it results from a steady increase in accounts receivable as customers continue to pay tier bills slowly or not at all. Receivables are about \$27 million higher than they were at the same time last year, meaning that some assets are tied up in receivables that would otherwise be in the form of cash. Additionally, SCE's billing transition has caused delayed reporting of usage resulting in charging delays of at least 30 days. In the coming months, resumption of disconnections and bill relief may help CPA to increase cashflow.

Mr. McNeil provided a review of the financial dashboard, noting that CPA recorded a loss of \$6 million in April, resulting from deliveries of renewable energy certificates taking place faster and sooner than budgeted and higher costs due to reversal of accruals.

Committee Member Kulcsar asked how far back the missing data goes; commented that customer communication is important to avoid confusion. Staff explained that the missing data is from the beginning of the year, with a noticeable uptick in April when the SCE billing conversion took place. Committee Member Zuckerman asked about renewable energy, line of credit usage, and whether the new rate increases will bring an increase in revenue. Mr. McNeil explained that there should be higher revenues in July and higher net income had CPA not done the rate change; were it not for the accelerated renewable energy costs and the missing revenue, the loss would be closer to \$1 to \$2 million in April. CPA has issued \$147,000 in letters of credit under its \$37 million line of credit.

In response to Chair Gold's comments regarding the impact of billing delays on customers, Mr. Bardacke explained that bills did not go out in the prior month, though some customers can experience billing delays for months or even years. Once SCE catches up, customers will receive larger than usual bills and often end up going on payment plans when the overall amount owed is large.

6. Review and Recommend Approval of Proposed Collections Policy to the Board of Directors

Mr. McNeil reviewed the current collection process that SCE follows and provided examples of circumstances in which SCE returns receivables to CPA, including accounts closed by the customer and disconnections due to non-payment. SCE has returned nearly \$6 million of accounts receivables to CPA prior to March 2020. Staff plans to hire collection agents and explained that collecting returned receivables can reduce past-due accounts receivable balances and reduce CPA's bad debt expense. The proposed collections policy will govern the collection of accounts receivable that are no longer being collected by SCE and have been returned to CPA. Mr. McNeil explained that a customer with a \$50 or more and outstanding CPA charges not subject to collection by SCE, may be referred for collections to a collection agency or agencies designated by CPA; customers will begin collecting for customers who are no longer receiving services from CPA in September 2021. Mr. McNeil described the collection agent's role and the services it would provide, consistent with laws or regulations relating to consumer protection, credit reporting, and monitoring debt collections. Additionally, CPA will not impose interest, penalties, nor fees; it may authorize the collection agent to reach settlements; credit reporting may occur within 180 days following the initiation of the collections process. The Executive Director

will have discretion to approve policy exceptions. Mr. McNeil reviewed a portion of SCE's collections process, noting that it is very complex. Both SCE and CPA will refer customers to third-party collections agents to do the collection.

Committee Member Kulcsar asked how many accounts would be ready for collections by this summer and whether the collection agency will be allowed to resell customer data to another third-party if the agency does not collect. Mr. McNeil noted that the \$50 cutoff should be established first, but it will be in the tens of thousands. The first batch of referrals are receivables that have already been referred to CPA from SCE, but most will be closed and inactive accounts that will receive noticing from CPA. The collection agents will not be allowed to sell any data. Committee Member Kulcsar asked about the threshold for credit reporting and wondered what the impact on customers would be for getting a credit reporting for being past due \$50 on their account. Additionally, Committee Member Kulcsar inquired as to the cost for the collections agents and whether customers will have payment plan options. Mr. McNeil stated that he will have to work with the collection agents to determine the threshold for the amount of dollars and timeframe before reporting occurs and provide direction to the collections agent. Similarly, CPA will coordinate with the collections agent on the payment options provided to customers. Committee Member Calaycay asked if there was an ability to utilize the lien process in the collections process and Mr. McNeil noted staff will have to research the possibility of that; the collection agencies CPA will work with are familiar with some of the strategies for collection available to municipal agencies and may be able to offer some insight. In response to Committee Member Zuckerman's question regarding a collections fee, Mr. McNeil explained that it may be about 25% of what the collection agents can collect; but the collections policy will inform the contracting process. The practice of using two agencies is very competitive.

Chair Gold asked how payments are applied to past charges and Mr. McNeil clarified that SCE has a transparent process for allocating partial customer payments to SCE and CPA charges. For CPA's side of the bill, the older charges get paid first. Chair Gold suggested that the Executive Director's discretion include an explicit exception about hardship to ensure sensitivity towards customer circumstances. Committee Member Calaycay noted that there are programs available for low-income customers that may be experiencing financial difficulty. Committee Member Kulcsar inquired as to the process for incorporating the Committee's feedback. Staff noted that not all feedback ought to be addressed in the policy itself, but rather in the contracting process, such as the practices and relationship of the collection agent.

The Finance Committee directed staff to investigate the option of the lien process within the context of CPA collections activities and bring back the implementation process to the Finance Committee for feedback.

Motion: Committee Member Calaycay, Claremont

Second: Committee Member Zuckerman, Rolling Hills Estates

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

Committee Member Zuckerman added that staff should also consider how medical and/or life support can be addressed in the collections policy. Chair Gold noted that CPA does not manage disconnections.

COMMITTEE MEMBER COMMENTS

Committee Member Zuckerman requested information on CPA's counterparty crediting activities.

ADJOURN

Committee Chair Gold adjourned the meeting at 12:05p.m.

DRAFT

Staff Report – Agenda Item 2

To: Finance Committee
From: Natasha Keefer, Vice President, Power Supply
Approved by: Ted Bardacke, Executive Director
Subject: Risk Management Team Report
Date: August 25, 2021

June 2021 RMT REPORT

Key Actions

- Discussed load forecast and opt-outs assumptions related to July 1 rate changes.
- Reviewed short-term and long-term energy position and approved energy hedge solicitations for 2021 – 2024.
- Reviewed 2021-2024 renewable and carbon free positions and approved sales transactions.
- Reviewed 2021-2025 Resource Adequacy positions and discussed potential capacity purchases by CAISO for Q3 2021.

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 has followed up with counterparties to request actions to minimize credit exceedances or paused additional purchases from counterparties until credit limit exceedances have been resolved.

July 2021 RMT REPORT

Key Actions

- Discussed August load forecast update.
- 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 potential carbon free transaction.
- Reviewed 2021-2025 Resource Adequacy (RA) positions and discussed strategy for CPA's 2022 year-ahead RA compliance showing.

Policy Compliance

No policy deviations to report.

ATTACHMENT

None.

Staff Report – Agenda Item 3

To: Finance Committee
From: David McNeil, Chief Financial Officer
Approved by: Ted Bardacke, Executive Director
Subject: CPA Investment Report
Date: August 25, 2021

RECOMMENDATION

Receive and File.

ATTACHMENT

- 1) [June and July 2021 Investment Reports](#)

Clean Power Alliance Investment Report June 2021

Fund Name: Local Agency Investment Fund

Beginning Balance	2,514,231
Interest Paid (1)	-
Deposits	-
Withdrawals	(2,500,000)
Ending Balance	14,231
Interest Earned (2)	539
Average Monthly Effective Yield	0.262%

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

Clean Power Alliance Investment Report July 2021

Fund Name: Local Agency Investment Fund

Beginning Balance	14,231
Interest Paid (1)	1,447
Deposits	
Withdrawals	-
Ending Balance	15,678
Interest Earned (2)	455
Average Monthly Effective Yield	0.221%

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: Finance Committee
From: David McNeil, Chief Financial Officer
Approved by: Ted Bardacke, Executive Director
Subject: Financial Dashboard
Date: August 25, 2021

RECOMMENDATION

Receive and File.

ATTACHMENT

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



Financial Dashboard

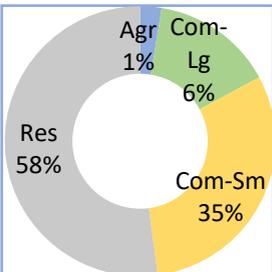
YTD
April
2021

Active Accounts
1,008,000

Participation Rate
95.33%

YTD Sales Volume
11,896 GWh

April Sales Volume
795 GWh



Summary of Financial Results

in \$000,000's	April				Year-to-Date			
	Actual	Budget	Var	%	Actual	Budget	Var	%
Energy Revenues	\$49.5	45.5	4.0	9%	666.8	614.0	52.9	9%
Cost of Energy	\$49.7	43.2	6.6	15%	645.8	580.9	64.9	11%
Net Energy Revenue	-\$0.2	2.4	-2.6		21.0	33.0	-12.0	-36%
Operating Expenditures	\$2.0	2.6	-0.5	-21%	20.3	26.7	-6.3	-24%
Net Income	-\$2.3	-0.2	-2.1		0.7	6.4	-5.7	

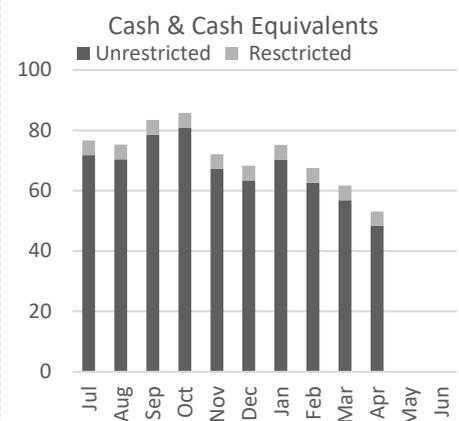
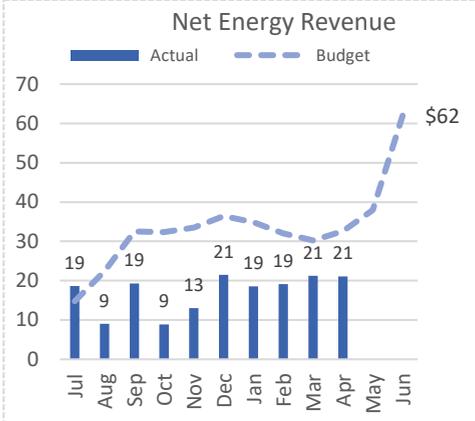
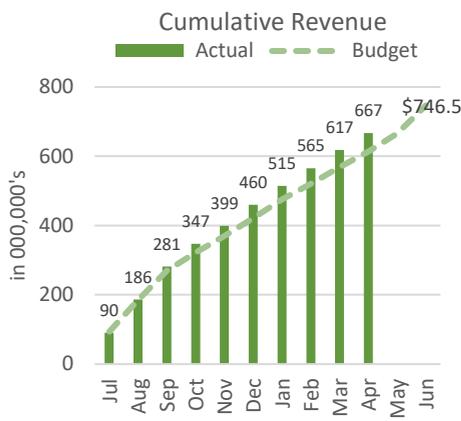
Note: Numbers may not sum up due to rounding.

CPA recorded a loss of \$2.3 million in April 2021, resulting in a year to date gain of \$700,000. April net loss was \$2.1 million below the budgeted loss of \$.2 million. April results have been restated to include a \$3,900,000 transfer from the Fiscal Stabilization Fund (FSF) to revenue consistent with the Fiscal Stabilization Fund Policy.

April results were negatively impacted by bad debt expense which was \$850,000 or 140% higher than budget and by renewable energy costs that were higher than budgeted. Renewable energy costs were higher than budgeted due to the delivery of renewable energy that occurred sooner than budgeted. The expected annual cost of renewable energy in calendar year 2021 remains unchanged.

As of April 30, 2021 CPA had \$48.3 million in cash and cash equivalents, \$36.85 million available on its line of credit and no bank or other debt outstanding. The net position was \$47.3 million and Fiscal Stabilization Fund balance was \$13.5 million. CPA renewed its \$37 million credit facility with River City Bank in April 2021.

CPA is in compliance with its bank and other credit covenants and is in sound financial health.



Definitions:

Accounts: Active Accounts represent customer accounts of active customers served by CPA per Calpine Invoice.

Opt-out %: Customer accounts opted out divided by eligible CPA accounts

YTD Sales Volume: Year to date sales volume represents the amount of energy (in gigawatt hours) sold to retail customers

Revenues: Retail energy sales less allowance for doubtful accounts

Cost of energy: Cost of energy includes direct costs incurred to serve CPA's load

Operating expenditures: Operating expenditures include general, administrative, consulting, payroll and other costs required to fund operations

Net income: Net income represents the difference between revenues and expenditures before depreciation and capital expenditures

Cash and Cash Equivalents: Includes cash held as bank deposits.

Year to date (YTD): Represents the fiscal period beginning July 1, 2020



Financial Dashboard

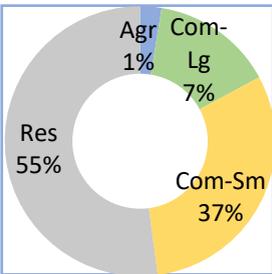
YTD
May
2021

Active Accounts
1,002,000

Participation Rate
95.31%

YTD Sales Volume
12,742 GWh

May Sales Volume
846 GWh



Summary of Financial Results

in \$000,000's	May				Year-to-Date			
	Actual	Budget	Var	%	Actual	Budget	Var	%
Energy Revenues	\$55.2	51.3	3.9	8%	722.1	665.3	56.8	9%
Cost of Energy	\$55.7	45.9	9.8	21%	701.5	626.8	74.7	12%
Net Energy Revenue	-\$0.5	5.4	-5.9		20.6	38.5	-17.9	
Operating Expenditures	\$2.3	2.7	-0.4	-15%	22.7	29.4	-6.7	-23%
Net Income	-\$2.8	2.7	-5.5		-2.1	9.0	-11.2	

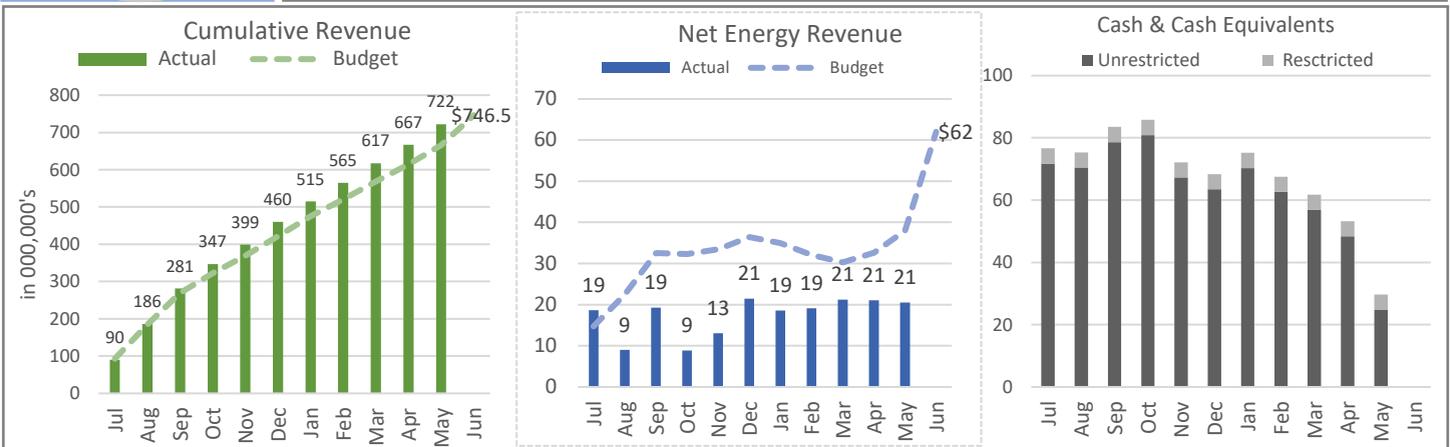
Note: Numbers may not sum up due to rounding.

CPA recorded a loss of \$2.8 million in May 2021, resulting in a year to date loss of \$2.1 million. May net loss was \$5.5 million below the budgeted gain of \$2.7 million. May results include a \$2,000,000 transfer from the Fiscal Stabilization Fund (FSF) to revenue consistent with the FSF Policy.

May results were negatively impacted by bad debt expense which was \$1.7 million or 240% higher than budget and by renewable energy costs that were higher than budgeted. Renewable energy costs were higher than budgeted due to the delivery of renewable energy that occurred sooner than budgeted. The expected annual cost of renewable energy in calendar year 2021 remains unchanged.

As of May 31, 2021 CPA had \$24.8 million in cash and cash equivalents, \$36.85 million available on its line of credit and no bank or other debt outstanding. The net position was \$44.5 million and Fiscal Stabilization Fund balance was \$11.5 million. CPA's cash and cash equivalents were negatively impacted in May by a \$14.8 increase in accounts receivable and accrued revenue and a loss before FSF transfer of \$4.8 million. In August 2021 CPA received a \$30 million term loan from the County of Los Angeles.

CPA is in compliance with its bank and other credit covenants and is in sound financial health.



Definitions:

- Accounts: Active Accounts represent customer accounts of active customers served by CPA per Calpine Invoice.
- Opt-out %: Customer accounts opted out divided by eligible CPA accounts
- YTD Sales Volume: Year to date sales volume represents the amount of energy (in gigawatt hours) sold to retail customers
- Revenues: Retail energy sales less allowance for doubtful accounts
- Cost of energy: Cost of energy includes direct costs incurred to serve CPA's load
- Operating expenditures: Operating expenditures include general, administrative, consulting, payroll and other costs required to fund operations
- Net income: Net income represents the difference between revenues and expenditures before depreciation and capital expenditures
- Cash and Cash Equivalents: Includes cash held as bank deposits.
- Year to date (YTD): Represents the fiscal period beginning July 1, 2020



Staff Report – Agenda Item 5

To: Finance Committee
From: David McNeil, Chief Financial Officer
Subject: Report from the Chief Financial Officer
Date: August 25, 2021

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

- FY 2020/21 Audit and Year End Close update
- California Arrearage Payment Program (CAPP) Update
- CPA Collections Practices Update
- April and May 2021 financial results
- CPA cash flow and treasury activity
- Accounts receivable aging and Customer Payment Dashboard updates.

ATTACHMENT

None.



Staff Report – Agenda Item 6

To: Finance Committee
From: David McNeil, Chief Financial Officer
Subject: Banking Agreement Update
Date: August 25, 2021

The Chief Financial Officer will provide an information update on CPA's Credit Agreement.

ATTACHMENT

None. A presentation will be provided prior to the August 25, 2021 Finance Committee Meeting.

END OF DOCUMENT