

MINUTES

REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, June 2, 2022, 2:00 p.m.

The Board of Directors conducted this meeting remotely, pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting CPA Resolutions, and as a response to mitigating the spread of COVID-19

CALL TO ORDER & ROLL CALL

Chair Diana Mahmud called the meeting to order at 2:00 p.m. and Gabriela Monzon, Clerk of the Board, conducted roll call.

Roll Call				
1	Agoura Hills	Deborah Klein Lopez	Alternate	Remote
2	Alhambra			Absent
3	Arcadia	Sho Tay	Director	Remote
4	Beverly Hills	Julian Gold	Director	Remote
5	Calabasas	Mary Sue Maurer	Director	Remote
6	Camarillo	Susan Santangelo	Director	Remote
7	Carson	Cedric L. Hicks, Sr.	Alternate	Remote
8	Claremont	Jeremy Swan	Alternate	Remote
9	Culver City	Daniel Lee	Director	Remote
10	Downey	Catherine Alvarez	Director	Remote
11	Hawaiian Gardens	Ramie L. Torres	Alternate	Remote
12	Hawthorne	Alex Monteiro	Director	Remote
13	Los Angeles County	Sheila Kuehl	Vice Chair	Remote
14	Malibu	Mikke Pierson	Director	Remote
15	Manhattan Beach	Hildy Stern	Director	Remote
16	Moorpark	Janice Parvin	Director	Remote
17	Ojai	Betsy Stix	Director	Remote
18	Oxnard	Bert Perello	Director	Remote
19	Paramount			Absent
20	Redondo Beach			Absent

21	Rolling Hills Estates	Steve Zuckerman	Director	Remote
22	Santa Monica	Gleam Davis	Director	Remote
23	Sierra Madre	Robert Parkhurst	Director	Remote
24	Simi Valley	Ruth Luevanos	Director	Remote
25	South Pasadena	Diana Mahmud	Chair	Remote
26	Temple City	Fernando Vizcarra	Director	Remote
27	Thousand Oaks	Kevin McNamee	Director	Remote
28	City of Ventura	Joe Yahner	Alternate	Remote
29	Ventura County	Carmen Ramirez	Alternate	Remote
30	West Hollywood	Lindsey Horvath	Director	Remote
31	Westlake Village	Phillippe Eskandar	Alternate	Remote
32	Whittier	Vicki Smith	Alternate	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

Harvey Eder provided public comment.

CONSENT AGENDA

1. Adopt Resolution 22-05-029 Finding the Continuing Need to Meet by Teleconference Pursuant to Government Code Section 54953 (e)
2. Approve Minutes from May 11, 2022, Board of Directors Meeting
3. Approve Bill Positions in the 2021/2022 Legislative Session as Recommended by the Legislative & Regulatory Committee: (a) Senate Bill 1020: Support if Amended; and (b) Senate Bill 887: Support
4. Approve Reappointments and New Appointments to the Community Advisory Committee (CAC) for Terms from July 1, 2022 to June 30, 2024
5. Receive and File Fiscal Year Q3 Financial Report
6. Receive and File Q1 2022 Risk Management Report
7. Receive and File Community Advisory Committee Monthly Report

Director Perello asked about Item 4 on the Consent Agenda. Staff reported the CPA bylaws do not establish an attendance requirement for the CAC and the individual in question had excused absences.

Motion: Director Hicks, Carson
Second: Director Horvath, West Hollywood
Vote: The consent agenda was approved by a roll call vote, with an abstention from Alternate Director Carmen Ramirez on Item 2.

REGULAR AGENDA

8. (a) Adopt Resolution 22-06-033 Authorizing and Approving Entry into an Amendment to the Revolving Credit Agreement with JPMorgan Chase Bank, N.A. and Delegating Authority to the Authorized Representatives to Execute and Deliver such Amendment and other Documents Related Thereto;
(b) Adopt 22-06-034 Authorizing and Approving the Issuance of One or More Surety Bonds and the Entry into Indemnity Agreement(s) Related to any such Surety Bond(s) and Delegating Authority to the Authorized Representatives to Approve the Terms of any such Surety Bond and to Execute and Deliver such Indemnity Agreement and Other Documents Related Thereto

Ted Bardacke, CEO, and David McNeil, CFO, provided a presentation on financing options for the Financial Security Requirement (FSR) CPA must post by July 1, 2022. Mr. Bardacke reviewed the FSR, identifying that CPA has never been required to post more than the minimum FSR amount, currently set at \$147,000. A historic surge in forward power prices right before Southern California Edison (SCE) calculated the new FSR amount led to an extreme rise in the amount CPA may be required to post. Unless the FSR amount is recalculated using a more favorable methodology, or the Advice Letter is suspended by the California Public Utilities Commission (CPUC), CPA must post \$97 million by July 1st. Mr. McNeil reviewed the financing options staff is exploring in order to post the \$97 million to meet the FSR, including amending the JPMorgan credit agreement and/or issuing a surety bond(s) or a combination of both. Mr. McNeil added this two-pronged approach provides greater certainty of being able to post the FSR by the deadline and provides flexibility in finding an optimal solution.

In response to Director Zuckerman's questions, Mr. McNeil clarified that a surety bond would not change the current agreement with JPMorgan and staff has no pre-established preference for a financial approach. Director Parkhurst asked about the significant differences in the calculations of other Investor-Owned Utilities such as Pacific Gas & Electric (PG&E) and San Diego Gas & Electric (SDG&E) who remained at the minimum FSR. Mr. McNeil clarified that they used different reference months to price the forward energy. SCE used the month of April and over that time span, forward prices went up significantly. Another factor is revenue; where revenue collected from customers is deducted from costs. SDG&E and PG&E charge higher rates than SCE and therefore have higher revenue, which lowers the FSR. Mr. Bardacke indicated that the calculation month is very important and is part of the basis of CalCCA's protest letter that SCE should calculate the FSR using the month of March like the other two IOUs. Mr. Bardacke indicated the calculations are exponential and largely based on the increase in prices coupled with lower rates. Vice Chair Kuehl inquired about alternate options if the protest is unsuccessful, besides posting a bond and/or borrowing funds; commented that the significant increase in the FSR intends to cause direct financial harm to CCAs. Mr. Bardacke expressed that CPA would be in violation of regulations allowing it to function as a Load Serving Entity if it failed to post the FSR. In response to Director Zuckerman's questions relating to the probability of all CCA's failing, staff explained it is highly improbable that CPA and all other CCA's will fail at the same time, and therefore, the approach and methodology used to calculate CPA's FSR is based on an unlikely scenario. Director Horvath asked about the use of other financial institutions; Mr. McNeil advised that JPMorgan is the best option, adding that regulations allow for only three forms of

security including cash, a letter of credit, and surety bonds. Chair Mahmud inquired whether there was any CPUC rule of practice through which to seek an expedited consideration of the pending FSR proceeding. Nancy Whang, General Counsel, advised that there were no qualifications to allow for an expedited consideration of the FSR advice letter. Ms. Whang stated that there may be other legal tools; however, an advice letter is not considered within the context of a proceeding so it may be challenging to use other legal tools. In response to Chair Mahmud's question regarding any effect on credit rating timelines, Mr. McNeil noted that the choice of one financial instrument versus another will not negatively impact CPA's timeline. Director Lee opined that staff should reach out to environmental groups and the governor as they could be useful allies. Directors Luevanos and Perello suggested holding a press conference and publicizing the issue in local newspapers to bring awareness to the issue. Director Ramirez asked if there was any indication that SCE intentionally produced a higher FSR to interrupt CPA operations. Staff commented that standard methodology was used but the outcome highlights the flaws in the underlying process. Mr. Bardacke indicated that Board members would be asked to sign a letter to the CPUC in the coming days as a first step in advocacy.

Motion: Director Gold, Beverly Hills
Second: Director Parkhurst, Sierra Madre
Vote: Item 8 was approved by a roll call vote.

9. Approve Resolution No. 22-06-030 to Approve New Rates for Phase 1 & 2 Non-Residential Customers, Resolution No. 22-06-031 to Approve New Rates for Phase 4 & 5 Non-Residential Customers, and Resolution No. 22-06-032 to Approve New Rates for Phase 3 & 5 Residential Customers; Effective July 1, 2022 or October 1, 2022 as Applicable

Staff provided Director Parkhurst with various clarifications about SCE/CPA rate comparisons; and indicated CPA's subset customer rates are closer to those of SCE than they have been in the past.

Motion: Director Zuckerman, Rolling Hills Estate
Second: Director Perello, Oxnard
Vote: Item 9 was approved by a roll call vote.

10. Approve Fiscal Year 2022/2023 Budget as Recommended by the Finance Committee and Authorize Movement of Funds Budgeted Under General and Administrative Expenses to Interest Expense, if necessary, in Order to Incur Expenses Associated with the Posting of CPA's Financial Security Requirement

Mr. McNeil provided a presentation of the proposed FY 2022/23 budget. Mr. McNeil reviewed the FY 2022/23 budget process timeline, identified key takeaways of the FY 22/23 budget, showed comparisons of CPA's operating expenses to those of select CCAs, and defined FY 22/23 operating income and reserves and reserve policy targets.

In response to questions about lower net margins, Mr. McNeil indicated that PG&E's rates are higher and that allows CCAs in northern California to charge higher rates and therefore have better margins. Chair Mahmud referenced the

historic power prices in April and requested details surrounding the 4% increase in procurement costs; Mr. McNeil indicated that the impact to CPA's budget is minimal due to hedging strategies consistent with the energy risk management policy. Chair Mahmud asked for the percentage of staffing increase based upon the transfer of services from consultants to in-house staff. Mr. McNeil indicated that communications is the major area where insourcing has reduced consultant costs. Mr. Bardacke added that the increase in staffing of approximately \$200,000 is part of an overall goal to insource core operations and improve communications materials. Director Gold offered that the Finance Committee extensively reviewed the budget and is fully supportive of it. Director Ramirez opined that it is important to keep staff happy and healthy amid endemic governmental staff shortages.

Motion: Director Parkhurst, Sierra Madre
Second: Director Vizcarra, Temple City
Vote: Item 10 was approved by a roll call vote.

11. Election of Executive Committee At-Large Positions for Two-Year Terms from July 1, 2022 to June 30, 2024

Gabriela Monzon, Clerk of the Board, provided an oral report on the item.

Los Angeles County jurisdictions unanimously elected Deborah Klein Lopez, City of Agoura Hills, and Alex Monteiro, City of Hawthorne, as At-Large Executive Committee Members representing jurisdictions in Los Angeles County, for the term July 1, 2022 to June 30, 2024.

Director Perello asked about a nominee's intent to run for this position. Staff reported the bylaws require a nominee to express an intent to fulfill the term and confirmed nominees expressed intent.

Ventura County jurisdictions elected Betsy Stix, City of Ojai, as an At-Large Executive Committee Member representing jurisdictions in Ventura County for the term from July 1, 2022 to June 30, 2024.

MANAGEMENT REPORT

Mr. Bardacke informed the Board that the luncheon for Chair Mahmud was postponed due to concerns over rising COVID numbers. Mr. Bardacke discussed staffing updates.

COMMITTEE CHAIR UPDATES

Director Horvath, Legislative & Regulatory Committee Chair, advised the Board that staff is continuously monitoring the proceedings of the legislature and will provide updates as needed. Director Horvath thanked Chair Mahmud for her leadership as Board Chair.

Director Gold, Finance Committee Chair, thanked Chair Mahmud for her leadership and thanked the Board for the approval of the budget.

Director Parkhurst, Energy Planning & Resources Committee Chair, thanked Chair Mahmud for her leadership and reported that the Integrated Resource Plan was postponed until the next Board meeting.

BOARD MEMBER COMMENTS

Directors Perello, Monteiro, Zuckerman, Santangelo, Ramirez and Vice Chair Kuehl expressed sentiments and thanked Chair Mahmud for her leadership as Board Chair.

REPORT FROM THE CHAIR

Chair Mahmud thanked the staff and Board members for their hard work in advancing CPA's goals.

ADJOURN

Chair Mahmud adjourned the meeting at 3:58 p.m.