

MINUTES

REGULAR MEETING of the Finance Committee of the
Clean Power Alliance of Southern California
Wednesday, April 27, 2022, 11:00 a.m.

Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Finance Committee conducted this meeting remotely.

CALL TO ORDER & ROLL CALL

Committee Chair Julian Gold called the meeting to order at 11:00 a.m. and, Raynette Tom, Board Clerk, conducted roll call.

Roll Call			
Beverly Hills	Julian Gold	Committee Chair	Remote
Carson	Reata Kulcsar	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 March 23, 2022 Finance Committee Meeting
2. Receive and File March 2022 Risk Management Team Report
3. Receive and File March 2022 CPA Investment Report
4. Receive and File February 2022 Financial Dashboard

Motion: Committee Member Zuckerman, Rolling Hills Estates

Second: Committee Member O'Connor, Santa Monica

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 oral update on CPA's treasury operations and financial performance. Mr. McNeil noted that CPA holds about \$85 million of unrestricted cash as of the end of the third quarter and will receive about \$1 million of additional CAPP funding that will be applied to inactive residential accounts. Mr. McNeil added that CPA has an \$80 million line of credit with only a \$147,000 letter of credit drawn. CPA repaid \$10 million towards the \$30 million L.A. County loan in February. A \$20 million final payment is due in June 2022. Mr. McNeil specified that a more complete review of the quarterly performance will be provided in the following month, but noted CPA recorded a loss in February due to an over-accrual of revenue in January.

In response to Committee Member Zuckerman, Mr. McNeil clarified that the total over-accrual was \$7.2 million, with \$1.2 million attributed to restatement of energy usage by

customers in January and the other \$6 million due to a miscalculation of the January revenue. Chair Gold asked about the status of accounts receivables (AR) aging and anticipated customer behavior. Mr. McNeil indicated that another \$1.2 million of CAPP funds will be applied to some of the older AR, but the resumption of disconnections that will begin in May/June 2022 will provide better indication of how much of the AR is paid back and how much will need to be written off. Chair Gold requested a future discussion on AR to better understand how CPA will move forward. At the request of Committee Member Kulcsar, Ted Bardacke, CEO, provided an update on the underbilled accounts, stating that all catch-up bills have been distributed and six opt-outs were received. Mr. Bardacke added that staff will start tracking any customer financial problems with these bills once their due date passes.

6. Review Fiscal Year 2022/2023 Budget Priorities and Draft Operating Expenses

Mr. McNeil provided a presentation on the FY 2022/23 budget priorities and draft operating expenses budget. Mr. McNeil outlined 2022/2023 operational priorities, including achieving financial targets, talent acquisition and staff retention, and establishment of processes. Consistent with operational priorities, Mr. McNeil discussed increases in staffing costs, key staffing priorities, customer programs, communications, and G&A.

Regarding operational priorities, Chair Gold opined that CPA, as the largest provider of green energy in the country, should endeavor to have an impact beyond the state level. In response to Committee Member Kulcsar's question regarding staffing costs, Mr. McNeil clarified that the budget reflects an annualized cost, but staffing all vacant and new positions by July 1 is unlikely. The budget reflects both costs for new hires and current staff. Mr. Bardacke addressed Committee Member Zuckerman's question regarding expansion, noting that CPA's plans for customer acquisition involves member agency expansion as well as enrolling current customers in new programs such as Power Share and Power Response. Mr. Bardacke clarified that CPA plans to hire a director of customer care and a senior director of data and systems to improve customer experience and to reexamine the role of the data manager when the opportunity arises. Chair Gold commented that it would be important for the Board to have a clear understanding of the correlation between the increase in staff salaries and the consultants' budgets; Mr. McNeil noted that the data can be shared with the Finance Committee at its next meeting. Chair Gold inquired about future staff growth; Mr. Bardacke explained that staffing needs for FY 2022/2023 are finalized but acknowledged that growth in customer programs will be the biggest new driver of staffing needs; evolving regulatory and market developments could also be a driver of future staff needs. Chair Gold opined that a staffing budget should reflect a not-to-exceed amount so that the CEO may determine staffing levels as needed throughout the fiscal year. At the request of Committee Member Zuckerman, Mr. Bardacke clarified that the Building Electrification Codes Incentives program is in development and involves covering member agency costs of adjusting 'reach codes' that require electrification in building or transportation. Model codes may also be explored in collaboration with Southern California Edison (SCE). Committee Member Kulcsar requested additional information about FY 2022/23 rates.

COMMITTEE MEMBER COMMENTS

None.

ADJOURN

Committee Chair Gold adjourned the meeting at 11:52 a.m.