

MINUTES

REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, November 3, 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.

Meeting videos are available on [CPA's YouTube Channel](https://www.youtube.com/@CPAPublicMeetings).
www.youtube.com/@CPAPublicMeetings

CALL TO ORDER & ROLL CALL

Chair Julian Gold 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 | Director | Remote |
| 2 | Alhambra | Jeff Maloney | Director | Remote |
| 3 | Arcadia | Sho Tay | Director | Remote |
| 4 | Beverly Hills | Julian Gold | Chair | Remote |
| 5 | Calabasas | Mary Sue Maurer | Director | Remote |
| 6 | Camarillo | Susan Santangelo | Director | Remote |
| 7 | Carson | Cedric L. Hicks, Sr. | Alternate | Remote |
| 8 | Claremont | Corey Calaycay | Director | Remote |
| 9 | Culver City | Daniel Lee | Director | Remote |
| 10 | Downey | Donald La Plante | Alternate | 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 | | | Absent |
| 15 | Manhattan Beach | Hildy Stern | Director | Remote |
| 16 | Moorpark | | | Absent |
| 17 | Ojai | | | Absent |
| 18 | Oxnard | Bert Perello | Director | Remote |

| | | | | |
|----|------------------------------|-------------------|-----------|--------|
| 19 | Paramount | | Director | Absent |
| 20 | Redondo Beach | Ted Semaan | Alternate | Remote |
| 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 | Director | 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 | | | Absent |
| 30 | West Hollywood | Lindsey Horvath | Director | Remote |
| 31 | Westlake Village | Ned Davis | Director | Remote |
| 32 | Whittier | Vicki Smith | Alternate | Remote |

All votes are unanimous unless otherwise stated.

PLEDGE OF ALLEGIANCE

Vice Chair Sheila Kuehl led the pledge of allegiance.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Adopt Resolution 22-10-042 Finding the Continuing Need to Meet by Teleconference Pursuant to Government Code Section 54953 (e)
2. Approve Minutes from October 6, 2022, Board of Directors Meeting
3. Approve Amended and Restated Joint Powers Agreement and Authorize the Chair of the Board of Directors to Execute the Agreement as Presented
4. Receive and File Community Advisory Committee Monthly Report

Motion: Director Mahmud, South Pasadena

Second: Director Calaycay, Claremont

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

REGULAR AGENDA

Action Items

5. Initial Review of the 2023 Power Charge Indifference Adjustment (PCIA) and SCE Generation Rate Levels

Matt Langer, Chief Operating Officer, provided a presentation on the 2023 PCIA and Southern California Edison's (SCE) forecasted generation rates. CPA staff conducted an initial analysis of the impact on customer bills and the expected bill comparison based on the 2023 PCIA and SCE generation rates, which still need approval by the California Public Utilities Commission (CPUC). Mr. Langer reviewed the PCIA impacts, noting that the proposed 2023 PCIA will be negative, providing customers with a PCIA line-item credit of approximately ½ cent per kilowatt hour, and CPA customers will see bill reductions of about 2% in January 2023. SCE's generation rates are forecast to increase by about 23% in 2023 which, combined with the decreased PCIA, will put all CPA rates (except streetlighting) below SCE rates.

In response to Director Perello's question about undercollection, Mr. Langer specified that SCE sets its rates based on a forecast to cover costs; last year, SCE rates were too low and they did not collect enough money and will need to bill their customers the following year to cover the financial loss. In response to Director Parkhurst's questions concerning the energy price forecast, Mr. Langer indicated that CPA sets their rates in time to adjust for high energy price periods and that CPA does not use benchmarks, but rather looks at forward prices across different time periods whereas SCE takes the average of market forward prices over a period of time and determines their rates. Director Torres inquired about the streetlighting rates, and Mr. Langer advised they will be 9-10% higher than SCE's streetlighting rates in 2023. Director Stern asked if CPA's streetlight rates were historically higher than SCE's, and Mr. Langer confirmed that, and added that CPA's streetlight rates are cost-based, whereas SCE's subsidized streetlighting rates are partly based on settlements with cities, but the Board has decided not to use subsidized rates. Director Mahmud observed that CPA's rates in FY 20/21 increased dramatically in comparison to SCE's rates, due in part to SCE's underestimation of energy costs during their rate-setting process. Director Mahmud asked what the exact amount of the increase was. Mr. Langer noted that on a rate comparison basis, most of CPA's customers were at a 4-7% premium to SCE in 2021. Director Mahmud added that CPA's rate-setting process and cautious forecasting placed the agency in a good position the following year. In response to Chair Gold's clarifying question about SCE's undercollection, Mr. Langer shared that SCE customers were paying back the 2021 undercollection of \$700 million in 2022 and will be paying the 2022 undercollection of \$850 million in 2023; the rate increment is attributable to a combination of the undercollection, the forward higher price of energy, and the significantly lower PCIA. Chair Gold noted that the undercollection alone would not have caused such a dramatic rate increase and Mr. Langer agreed, noting that if SCE's rates would have reflected the new higher energy prices, they would not have had an undercollection once again.

6. Presentation on Fiscal Year 2021/2022 Financial Statements and Budget to Actual Report

David McNeil, Chief Financial Officer, announced that CPA received a clean audit opinion as a result of the independent audit; provided a presentation on the FY 2021-22 financial results. Mr. McNeil noted that CPA recorded strong financial results in FY 2021-22 and is in sound financial health. Mr. McNeil reviewed CPA's balance sheet components and income statement, adding that the majority of

CPA's assets continue to be cash and accounts receivable. Mr. McNeil shared select financial indicators and summarized the budget to actual analysis, highlighting that CPA was within the budget for all budget line items. The exceedances in the interest and finance expenses and the amortization expense, resulting from new lease accounting standards, are offset by a reduction in occupancy costs. For FY 2021-22, CPA increased its net position by \$67 million (90%), increased days liquidity on hand from 44 to 61 days (39%) and paid its loan to L.A. County. Mr. McNeil also noted that operating expenses were 15% under budget, including staff costs, which were 12% under budget. Director Santangelo commented that the Finance Committee is very pleased with the clean audit and current financial standing, and the Committee had the opportunity to have an honest discussion with the auditors without staff present.

Director Parkhurst congratulated staff on a clean audit and inquired about the impacts on an investment credit grade rating. Mr. McNeil advised that CPA still needs to increase its liquidity on hand significantly to become an investment grade entity; CPA took steps to do that in the most recent rate setting process and staff has initiated discussions with Standard & Poor's about obtaining an investment grade credit rating. Director Mahmud congratulated staff and asked several questions on the increase in capital assets, the California Independent System Operator (CAISO) collateral, and budgeted funds for customer programs. Staff clarified that the increase in capital assets relates to leasehold improvements primarily on office and computer equipment. Regarding collateral, the methodology for collateral posting requirements is the same for all CAISO participants, but the amount differs among the entities due to different factors, including credit limits and gaps between CAISO charges and credits. Lastly, staff indicated budgeted funds for customer programs were overestimated to ensure the funds were available and authorized if needed.

MANAGEMENT REPORT

Mr. Bardacke highlighted the list of awardees of Calpine grants in CPA's territory. Beginning in January 2023, events will be held twice a year with city managers to foster interest in additional programs, advance local sustainability objectives, and help city leadership obtain a better understanding of CPA's role. Regarding expansion, Hermosa Beach, Santa Paula, and, most recently, the city of Monrovia voted unanimously to join CPA. Mr. Bardacke thanked Karen Schmidt, Director, Rates & Strategy, for all her hard work and Directors Parkhurst and Mahmud for their support in the city of Monrovia. Mr. Bardacke shared that, although CPA is ahead of the budget for July and August, September's heat event will most likely have an equalizing effect. Lastly, Mr. Bardacke noted that in June 2020, the Board approved a \$4.25 million settlement between CPA and SCE in favor of CPA because of poor data and under enrollment of customers by SCE. According to the settlement, SCE agreed to ask the California Public Utilities Commission (CPUC) to give CPA a list of all eligible customers in CPA territory (all-territory list); the CPUC has granted permission and CPA has started to receive that all-territory list. Approximately 5,000 accounts, mostly commercial, have been identified as actively being served by SCE, but never had the opportunity to opt-out of service by CPA. CPA will begin working with SCE on an enrollment plan with individualized outreach. Mr. Bardacke noted that this will impact the calculation of CPA's participation rates by reducing them by a few percentage points.

Director Mahmud inquired whether there were other Community Choice Aggregations (CCAs) party to the settlement, and Mr. Bardacke indicated there are no other parties but other CCAs will now receive the all-territory list as a result of the CPUC ruling initiated by CPA; staff will ascertain if other CCAs are finding the same outcome with their all-territory lists. Responding to Director Mahmud's question regarding enrollment omission, Mr. Bardacke noted that staff will receive the all-territory list on a weekly basis and will monitor it effectively.

COMMITTEE CHAIR UPDATES

Director Lindsey Horvath, Chair of Legislative & Regulatory Committee, advised the Board Committee is working to build relationships with existing and newly elected leadership in Sacramento; and announced that this will be her last meeting on the CPA Board and thanked the Board for their hard work and leadership.

Director Susan Santangelo, Chair of Finance Committee, thanked Mr. McNeil and staff for their work.

Director Robert Parkhurst, Chair of Energy Planning & Resources Committee, advised the Board about two community solar projects in Pico Rivera; announced the launch of an RFO in December for Power Share projects; and announced that CPA's Integrated Resources Plan (IRP) was recently filed. CPA is on track to have over 70% renewables in its portfolio in 2023, while SCE is at 34%; CPA's IRP target is to hit 100% renewables by 2030, which is 15 years ahead of SB 100 requirements.

BOARD MEMBER COMMENTS

Director Monteiro thanked Director Horvath for her work in helping the City of Hawthorne achieve 100% Green. Vice Chair Kuehl thanked the Board Members for the collaborative way that the cities and counties have worked together, thanked Mr. Bardacke and Director Mahmud, and applauded Director Horvath's work to bring important issues to the attention of legislators. Director Lee referenced roundtable infrastructure discussions; encouraged Board Members to advocate for projects that can directly benefit CPA's member agencies in the upcoming round of infrastructure funding. Director Mahmud thanked Director Horvath for her participation and impact on CPA. Director Perello echoed comments of appreciation for Director Horvath and welcomed the City of Santa Paula.

REPORT FROM THE CHAIR

Chair Gold opined that if reliable delivery of electricity from SCE continues to be problematic, the Board should discuss what, if anything, CPA's member agencies can do to demand reliable delivery of electricity. Chair Gold advised that former Mayor Villaraigosa is seeking ideas for spending on large regional projects, perhaps including grid resilience, infrastructure, and the use of recycling water. Chair Gold also offered words of support to those up for reelection.

ADJOURN

Chair Gold adjourned the meeting at 3:26 p.m.