

## **MINUTES**

Finance Committee of the  
Clean Power Alliance of Southern California  
Regular Meeting  
Wednesday, January 25, 2023, 11:00 a.m.

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

*Committee Members participated in this meeting from the following locations:*

Camarillo City Hall Mayor's Office 601 Carmen Drive Camarillo, CA 93010	CPA Office 801 S. Grand Ave., Suite 400 Los Angeles, CA 90017
Claremont City Hall Citrus Room 207 Harvard Avenue Claremont, CA 91711	Carson City Hall Executive Conference Room 701 East Carson Street Carson, CA 90745
Rolling Hills Estates City Hall 4045 Palos Verdes Drive North Rolling Hills Estates, CA 90274	

### **CALL TO ORDER & ROLL CALL**

Committee Chair Santangelo called the meeting to order at 11:00 a.m. and Gabriela Monzon, Board Clerk, conducted roll call.

<b>Roll Call</b>			
<b>Camarillo</b>	Susan Santangelo	Committee Chair	Remote
<b>Carson</b>	Reata Kulcsar	Committee Member	Remote
<b>Claremont</b>	Corey Calaycay	Committee Member	Remote
<b>Rolling Hills Estates</b>	Steve Zuckerman	Committee Member	Remote
<b>Santa Monica</b>	Pam O'Connor	Committee Member	Present

All votes are unanimous unless otherwise stated.

### **GENERAL PUBLIC COMMENT**

There was no public comment.

### **CONSENT AGENDA**

1. Approve Minutes from the November 23, 2022 Finance Committee Meeting
2. Receive and File November and December 2022 Risk Management Team Reports
3. Receive and File November and October 2022 CPA Investment Reports
4. Receive and File October and November 2022 Financial Dashboard

**Motion:** Committee Member Zuckerman, Rolling Hills Estates  
**Second:** Committee Member Calaycay, Claremont  
**Vote:** The consent agenda was approved by a roll call vote.

Responding to Committee Member Zuckerman's question, staff indicated that the California Arrearage Payment Program (CAPP) funding was received as anticipated.

## REGULAR AGENDA

### 5. Report from the Chief Financial Officer

David McNeil, Chief Financial Officer, provided a presentation on the first five months of the fiscal year, recent market changes, and financial results. Mr. McNeil reviewed CPA's income statements and the comparison of the adjusted summary results with the budgeted results. Mr. McNeil reviewed a chart depicting the budgeted fiscal year electricity prices compared to the actual/expected electricity prices. Mr. McNeil provided an update on residential rate comparisons between Southern California Edison's (SCE) base rate and CPA's rates. Staff anticipates that the increase in the JPMorgan line of credit and amendments to the credit agreement will provide CPA additional liquidity and support a future credit rating and will be discussing the proposals with the Finance Committee in February.

Committee Member Zuckerman asked several questions about JPMorgan, a credit rating, the rate change timeline, and delinquent accounts. Mr. McNeil clarified that although CPA has no current outstanding loans with JPMorgan, CPA drew on the line of credit in January. The suggested line of credit increase would provide CPA with additional liquidity and accommodate a possible increase in the Financial Security Requirement (FSR) as required by California Public Utilities Commission (CPUC). Staff added that the rating process is ongoing despite CPA's projected lower operating income. Mr. McNeil indicated that presenting a recommendation to adjust rates to the Board at its March board meeting allows staff to make informed recommendations to the Board and ready Calpine to implement the rate change in April 2023. Lastly, staff clarified that CPA's past due residential accounts continue to grow; CAPP2 funds will be applied in January 2023, but residential delinquencies are expected to remain high until the spring when SCE will resume disconnection noticing to customers. Committee Member Kulcsar asked several questions about California Independent System Operator (CAISO) invoice validation and recalculations, and use of the line of credit. Mr. McNeil clarified that recalculations of charges by the CAISO for a particular month of electric service continue over a three-year period. CPA contracts with Tenaska Energy Services, whose services include CAISO invoice validation; CPA is proposing a contract for settlements software to the Board at its February 2023 Board meeting, which will assist staff in doing its own validation of CAISO invoices, particularly relating to generation and storage assets. Lastly, Mr. McNeil indicated that staff seeks to balance the interest costs associated with using the line of credit with the need to have sufficient liquidity to operate and pay all invoices promptly; the cash balance is reported at each month-end on the balance sheet.

Committee Member Zuckerman asked questions on CPA's hedging strategy, SCE's hedging and rate setting strategies, and California Community Choice Association (CalCCA) suggested best practices. Staff clarified that Energy Risk Management policy parameters are in place to provide a hedging range, and staff is working on a strategy for the summer of 2023 but sees no current need for a change in CPA's hedging range. Matt

Langer, Chief Operating Officer, added that the primary motivation to add hedges is to reduce risk. Regarding SCE's hedging and rate setting strategies, staff specified that SCE may hedge a lower percentage of their load than CPA, but their hedge strategy is not known to CPA; SCE publicly reported that in December 2022, they under-collected by \$781 million; SCE sets their generation rates in January each year and may make adjustments through the year. Ted Bardacke, CEO, pointed out that CPA continues to focus on its competitive position and overall affordability for its customers; while CPA can afford some financial vulnerability, staff continues to monitor the need for market adjustments. CPA staff was involved in the development of the CalCCA Model Practice Guide published by CalCCA earlier in January. Mr. Bardacke added that as a condition of the L.A. County loan from 2021, L.A. County is reviewing CPA's financial policies and procedures and have asked to interview the Board Chair, Chair of the Finance Committee, and potentially other members of the Finance Committee about CPA finance, governance, and processes.

#### **COMMITTEE MEMBER COMMENTS**

There were no committee member comments.

#### **ADJOURN**

Committee Member Santangelo adjourned the meeting at 11:54 a.m.