

MINUTES

REGULAR MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, February 15, 2023
1:30 p.m.

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

Committee Members participated in this meeting from the following locations:

Agoura Hills City Hall Planning Conference Room 30001 Ladyface Court Agoura Hills, CA 91301	CPA Office 801 S. Grand Ave., Suite 400 Los Angeles, CA 90017
Beverly Hills City Hall 4 th Floor 455 N. Rexford Drive Beverly Hills, 90210	Camarillo City Hall Administrative Conference Room 601 Carmen Drive Camarillo, CA 93010
Hawthorne City Hall 4455 W. 126th Street Hawthorne, CA 90250	Ojai City Hall Conference Room 401 S Ventura St. Ojai, Ca 93023
Sierra Madre City Hall Council Chambers 232 W. Sierra Madre Blvd. Sierra Madre, CA 91024	Ventura County Government Center Point Mugu Conference Room, 4th Floor Hall of Administration 800 South Victoria Avenue Ventura, CA 93009
Residence Inn Business Center 8400 Market Street Middleton, WI 53562	Los Angeles County Hall of Administration Sybill Brand Conference Room, Room 372 500 West Temple Street Los Angeles, CA 90012

CALL TO ORDER & ROLL CALL

Chair Gold called the meeting to order at 1:30 p.m. and Gabriela Monzon, Board Clerk, conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Beverly Hills	Julian Gold	Chair	Remote
Camarillo	Susan Santangelo	Committee Member	Remote
Hawthorne	Alex Monteiro	Committee Member	Remote
Los Angeles County	Lindsey Horvath	Vice Chair	Remote
Ojai	Betsy Stix	Committee Member	Remote

Sierra Madre	Robert Parkhurst	Committee Member	Remote
South Pasadena	Diana Mahmud	Committee Member	Remote
Ventura County	Vianey Lopez	Vice Chair	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from January 18, 2023, Executive Committee Meeting

Motion: Committee Member Parkhurst, Sierra Madre
Second: Vice Chair Lopez, Ventura County
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

2. Oral Update from the Chief Executive Officer on CPA Operations

Ted Bardacke, CEO, provided a staffing update, noting that CPA has reduced its vacancy rate significantly in the past several months. Mr. Bardacke indicated that Assembly Member Muratsuchi agreed to sponsor a legislative bill, to accompany a budget proposal, that will add incentives for bringing on new clean capacity above compliance levels. The new legislative and regulatory platform now allows staff to act on such bills swiftly. Mr. Bardacke reminded the Committee about the upcoming virtual Lobby Day.

In response to Committee Member Mahmud's question concerning committee chair assignments, Mr. Bardacke noted that Eduardo Garcia is the Chair of the Assembly Committee on Utilities and Energy, and there may be interest in utility costs and geothermal development; Steven Bradford is the Chair of the Senate Energy, Utilities, and Communications Committee, who may focus on policy and regulatory issues impacting affordability.

3. Review Draft Agenda for the March 2, 2023, Board of Directors Meeting

Mr. Bardacke discussed the Board consent agenda items, including the proposed ticket distribution policy and the brand campaign task orders. Mr. Bardacke noted that bill positions will be a regular item on the Board consent agenda.

Mr. Bardacke reviewed items on the regular agenda, including a potential increase to the JPMorgan credit line and its legal parameters, the nomination period for an at-large executive committee position representing Los Angeles County, and CPA's rates.

Responding to Committee Member Mahmud's question concerning vote-by-mail, Nancy Whang, General Counsel, indicated that the Board may vote using unanimous consent if there is only one candidate for a single position, but a roll

call vote is the most prudent procedure when there is more than one candidate for a single position.

4. Receive Presentation on Interim FY 2022/2023 Rate Adjustment and Recommend an Option to the Board of Directors

Matt Langer, Chief Operating Officer, provided a presentation on an interim FY 2022-23 market adjustment rate change. At its February meeting, the Board indicated consensus to support an increase to CPA's \$80 million credit line with JP Morgan and an interim market adjustment to take effect in April 2023. Mr. Langer reviewed the credit rating metrics and CPA's current Days Liquidity on Hand (DLOH), outlined the rate comparisons between Southern California Edison's (SCE) base rate and CPA's Lean Power, Clean Power, and 100% Green Power rates, and presented the three rate adjustment options for the Board to consider. Option 1 would adjust rates to the July 2022 total bill levels, maintaining CPA rates far below SCE rates. Option 2 would adjust rates to December 2022 total bill levels, maintaining significant discounts to SCE for most rates/products. Option 3 would increase rates three-fourths of the way between CPA and SCE current levels. Option 3 substantially reduces the competitive gap with SCE, with a more considerable customer impact in the short term. Staff considerations include offsetting the impact of market volatility on CPA's financial position and continuing to pursue the goal of an investment credit rating; contributing to reserves to have flexibility and be competitive in the next fiscal year; and FY 2023/2024 rates will likely be closer to SCE's rates to address market volatility and achieve CPA's financial goals.

Responding to Chair Gold's questions, David McNeil, Chief Financial Officer, indicated that the September heat wave and December energy price spikes cost CPA approximately \$75 million. Committee Member Santangelo asked about CPA's initial DLOH goal, and staff indicated that during the 2022 rate setting process, the target was 120 DLOH; none of the three options would achieve that target but will move CPA closer to it and relieve some of the pressure on the upcoming full-year rate setting process while remaining mindful of customer impact. Mr. Langer added that the impact on the DLOH is limited due to the short span of the interim rate change. Responding to Committee Member Monteiro's rates questions, Mr. Langer and Mr. Bardacke indicated this interim rate increase is a response to the volatile market and that the Board will look at rates holistically in preparation for the next fiscal year but that the approach for the interim rate adjustment is to look at a single percentage change across all three products, whereas the annual adjustment includes a more thorough look at cost of service, differentials between the three products, calibration, and closer market intelligence. Committee Member Monteiro voiced support for Option 2. Vice Chair Horvath inquired about the communication plan given the short timeline, and Mr. Bardacke indicated that staff is planning to include a bill message informing customers of the rates as well as inviting public participation in the annual rate setting process. Committee Member Parkhurst asked if the Community Advisory Committee (CAC) will review the interim rate adjustment. Mr. Bardacke shared that the CAC had already reviewed the item and advised staff to emphasize CPA's highly competitive rates in its customer communication. Chair Gold asked what the financial impact would be if Option 3 pegged the 100% Green rate at 1% less than SCE, and Mr. Langer responded it would cost about \$9 million.

Committee Member Mahmud expressed support for Option 3, a preference to communicate CPA's favorably competitive rates, and a desire to take advantage of this unique opportunity to increase CPA's reserves, increase its DLOH, and expedite its ability to achieve creditworthiness. Committee Member Mahmud referred to an SCE filing with the California Public Utilities Commission (CPUC) for a 4.4% increase in its energy rates scheduled to take effect in June, which Mr. Langer confirmed but indicated that CPA's analysis excludes any impact of SCE's plan to raise rates. Committee Member Parkhurst expressed support for Option 3, echoing Committee Member Mahmud's desire to communicate CPA's competitive advantage; added that CPA needs an assertive approach to achieve an investment grade credit rating and prepare for uncertainty in the summer. Committee Member Klein Lopez expressed support for Option 3 because of the long-term stability it provides and because it increases reserves, allowing for better rates. Committee Member Santangelo echoed support for Option 3. Vice Chair Horvath and Committee Member Monteiro suggested a slight modification to Option 3, where a 1% adjustment would be made to 100% Green. Vice Chair Horvath stressed the importance of communicating to customers that all three of CPA's residential rates remain competitive with SCE's rate. Staff clarified that if each rate product was reduced by 1%, it would result in a \$7-9 million adjustment, adding \$81-83 million to reserves.

Committee Member Monteiro and Chair Gold expressed support for Option 3 with the 1% reduction for all three rate products. Committee Member Klein Lopez expressed a preference for administering the 1% reduction to the 100% Green product only. Committee Member Santangelo opined that the rate increases need to be equitable, and Mr. Bardacke added that a reduction to only the 100% Green product would be contrary to the direction of the market. Responding to Committee Member Parkhurst's question concerning the complexity of this change, Mr. Langer advised that both Option 3 and the modified Option 3, where the 100% Green product is changed to a 1% discount and the calculated 1% change is made to the other two products are both feasible for staff. Committee Member Monteiro expressed that 100% Green communities might be concerned if Option 3 is presented as is. Vice Chair Horvath added that it is critical to consider all the diverse interests of the Board in this discussion and maintain a focus on equity for CPA's communities.

Committee Member Mahmud expressed support for Committee Member Klein Lopez's position but stated that the modified Option 3 is an acceptable alternative. The Executive Committee reached a consensus on the amended Option 3 with a 1% reduction to the 100% Green product and an additional 1% reduction to the other 2 rate products. Chair Gold suggested that the modified Option 3 should be presented to the Board as the recommended option.

COMMITTEE MEMBER COMMENTS

Committee Member Stix announced that the City of Ojai recently passed its clean reach codes. Committee Member Mahmud congratulated staff for their diligent hiring efforts.

ADJOURN

Chair Gold adjourned the meeting at 2:49 p.m.