

**MINUTES**

REGULAR MEETING of the Board of Directors of the  
Clean Power Alliance of Southern California  
Thursday, March 2, 2023, 2:00 p.m.

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

*Board members participated from the following locations:*

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|--|--|
| Calabasas City Hall<br>Council Conference Room<br>100 Civic Center Way<br>Calabasas, CA 91301                      | CPA Office<br>801 S. Grand Ave., Suite 400<br>Los Angeles, CA 90017  |
| Whittier City Hall<br>Admin Conference Room<br>13230 Penn Street<br>Whittier, CA 90602                             | Ventura County Government Center<br>Channel Islands Conference Room, 4th Floor<br>Hall of Administration<br>800 South Victoria Avenue<br>Venture, CA 93009 |
| South Bay Cities Council of Governments<br>Conference Room<br>2355 Crenshaw Blvd., Suite 125<br>Torrance, CA 90501 | Westlake Village City Hall<br>Council Office/Conference Room<br>31200 Oak Crest Drive<br>Westlake Village, CA 91361  |

**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.

| <b>Roll Call</b> |                         |                                  |                       |         |
|------------------|-------------------------|----------------------------------|-----------------------|---------|
| 1                | <b>Agoura Hills</b>     | Deborah Klein Lopez              | Director              | Remote  |
| 2                | <b>Alhambra</b>         | Sasha Renee Perez                | Alternate             | Present |
| 3                | <b>Arcadia</b>          | Michael Cao                      | Director              | Present |
| 4                | <b>Beverly Hills</b>    | Julian Gold                      | <b>Chair</b>          | Present |
| 5                | <b>Calabasas</b>        | David Shapiro<br>Edward Albrecht | Director<br>Alternate | Remote  |
| 6                | <b>Camarillo</b>        | Susan Santangelo                 | Director              | Remote  |
| 7                | <b>Carson</b>           | Cedric L. Hicks, Sr.             | Director              | Present |
| 8                | <b>Claremont</b>        | Jennifer Stark                   | Alternate             | Present |
| 9                | <b>Culver City</b>      | Yasmine-Imani<br>McMorris        | Alternate             | Present |
| 10               | <b>Downey</b>           |                                  |                       | Absent  |
| 11               | <b>Hawaiian Gardens</b> | Ramie L. Torres                  | Alternate             | Remote  |

|    |                              |                                |                       |         |
|----|------------------------------|--------------------------------|-----------------------|---------|
| 12 | <b>Hawthorne</b>             | Alex Monteiro                  | Director              | Present |
| 13 | <b>Los Angeles County</b>    | Lindsey Horvath                | <b>Vice Chair</b>     | Present |
| 14 | <b>Malibu</b>                |                                |                       | Absent  |
| 15 | <b>Manhattan Beach</b>       | Amy Howorth                    | Director              | Remote  |
| 16 | <b>Moorpark</b>              |                                |                       | Absent  |
| 17 | <b>Ojai</b>                  | Betsy Stix                     | Director              | Remote  |
| 18 | <b>Oxnard</b>                | Bert Perello                   | Director              | Remote  |
| 19 | <b>Paramount</b>             | Vilma Cuellar Stallings        | Director              | Present |
| 20 | <b>Redondo Beach</b>         | Christian Horvath              | Director              | Remote  |
| 21 | <b>Rolling Hills Estates</b> | Debby Stegura                  | Director              | Remote  |
| 22 | <b>Santa Monica</b>          | Gleam Davis                    | Director              | Present |
| 23 | <b>Sierra Madre</b>          | Robert Parkhurst               | Director              | Present |
| 24 | <b>Simi Valley</b>           | Rocky Rhodes                   | Director              | Present |
| 25 | <b>South Pasadena</b>        | Diana Mahmud                   | Alternate             | Present |
| 26 | <b>Temple City</b>           | Fernando Vizcarra              | Director              | Present |
| 27 | <b>Thousand Oaks</b>         | David Newman                   | Director              | Remote  |
| 28 | <b>City of Ventura</b>       | Liz Campos                     | Director              | Remote  |
| 29 | <b>Ventura County</b>        | Vianey Lopez                   | <b>Vice Chair</b>     | Remote  |
| 30 | <b>West Hollywood</b>        | John Erickson<br>Chelsea Byers | Director<br>Alternate | Present |
| 31 | <b>Westlake Village</b>      | Ned Davis                      | Director              | Remote  |
| 32 | <b>Whittier</b>              | Leon Vasquez                   | Alternate             | Remote  |

All votes are unanimous unless otherwise stated.

**PLEDGE OF ALLEGIANCE**

Director Christian Horvath led the pledge of allegiance.

**GENERAL PUBLIC COMMENT**

There was no public comment.

**CONSENT AGENDA**

1. Approve Minutes from February 2, 2023, Board of Directors Meeting
2. Approve Policy No. 2023-18 - Complimentary Ticket or Pass Distribution Policy
3. Approve Brand Campaign Task Orders With:

- a. Fraser Communications for Media Planning and Purchasing Plus the Creation of a Stakeholder Education and Engagement Campaign Associated with CPA's 2023 Brand Campaign for a Not-to-Exceed Amount of \$180,788; and
- b. Pastilla, Inc. for Creation of a Commercial and Residential Customer Awareness and Engagement Campaign with CPA's 2023 Brand Campaign for a Not-to-Exceed Amount of \$109,000
4. Receive and File Q4 Risk Management Team Report
5. Receive and File FY Q2 Financial Results
6. Receive and File Bill Positions Monthly Report
7. Receive and File Community Advisory Committee Monthly Report

**Motion:** Director Hicks, Carson

**Second:** Director Erickson, West Hollywood

**Vote:** The consent agenda was approved by a roll call vote with an abstention by Directors Cao, Cuellar Stallings, McMorrin, and Stegura on Item 1.

#### **REGULAR AGENDA**

8. Adopt Resolution No. 23-03-046 to Approve 2023 Interim Rates for Phases 1 through 5 Customers

Matt Langer, Chief Operating Officer, provided a presentation on the proposed interim FY 2022-23 market adjustment to go into effect April 1, 2023. Mr. Langer reviewed CPA's financial trajectory for FY 22/23. Given the extraordinary market events of September, December, and January, CPA is projecting a \$40-60 million contribution to the net position. Mr. Langer reviewed the benefits of receiving an investment grade credit rating; specified the credit rating metrics including Days Liquidity on Hand (DLOH) and discussed the residential rate comparisons between CPA and Southern California Edison (SCE). Mr. Langer presented three rate adjustment options. Option 1 would adjust residential rates to July 2022 total bill levels, Option 2 would adjust residential rates to December 2022 total bill levels, and Option 3 would set residential 100% Green rates to 1% less than SCE. Mr. Langer reviewed the three options and noted that for each option, an equal percentage rate increase would be applied to all customer classes and rate products so comparisons will vary by the rate group. The Executive Committee discussed and recommended Option 3, an interim rate change based on a 1% discount compared to SCE for residential 100% Green rate and greater discounts for Lean Power and Clean Power rates. Option 3 would allow CPA to offset the impact of market volatility, make progress towards achieving an investment-grade credit rating, contribute to reserves, and help provide for competitive rates in the coming years.

Director Perello asked for an explanation of collateral posting. Mr. Langer clarified that the collateral posting is the financial security CPA must post for any transaction it enters into and is similar to a security deposit paid when renting an apartment. Director Perello requested feedback from the Executive Committee on their recommendation. Vice Chair Horvath commented that the Committee agreed that an adjustment was advantageous, as the short three-month period would yield a financial gain and increase financial reserves and stability. After a lengthy discussion, the Executive Committee adjusted Option 3, to ensure that all residential customers still have savings during the adjustment period compared to

SCE. Director Klein Lopez added that the Executive Committee's robust discussion was focused on ensuring that CPA maintains stability while staying true to its commitments of providing competitive rates to its communities. Director Rhodes inquired about the thought process behind larger rate increases for commercial customers. Mr. Langer specified that the methodology applied included taking the amount needed to increase the 100% Green rate to a 1% discount and then applying that amount to all other product rates. SCE delivery rates differ among the different rate classes, yielding varying comparisons when applying the same increase. Vice Chair Horvath added that SCE has subsidized some commercial rates through residential rates and that the CPA Board has historically tried to avoid such subsidies in its ratemaking. Director Perez asked several questions on the overall goal of the interim rate adjustment, rate percentage differences, and communication strategies. Chair Gold shared that the goals include the investment grade credit rating and its benefits, including financial security and protection against future energy market volatility. Regarding future rate settings, Chair Gold indicated the rate setting process is a Board decision. The Board decided to shift its rate setting process to a cost-of-service approach and it can always revisit its process when it sets rates annually. Lastly, Mr. Bardacke shared some of the communication methods, including bill messaging about the rate setting process and public participation, through interaction with Board members, and through social media. Director Parkhurst asked about the competitive environment CPA functions in when making power purchases. Staff explained that there are other groups that CPA is competing with for power purchases including other Community Choice Aggregations (CCAs), Investor Owned Utilities (IOUs), direct access providers serving large businesses, and corporate entities. CPA adheres closely to its transparent and public process; in some cases, corporate entities can be nimbler in procuring energy because they can make purchases without a public approval process. Additionally, staff clarified that CPA shortlisted 8-10 projects in its 2021 RFO and executed one contract. Mr. Langer noted that the market trend is moving towards a seller's market. Director Hicks asked several questions on rate increase percentages, reserves, and future rate setting. Staff explained last years' comparisons; Lean Power had a 1% discount, Clean Power was at parity, and 100% Green power was 3% more expensive. Option 3 would bring the 100% Green product to 1% cheaper. Staff added that the most vulnerable customers receive an even lower comparison than other residential customers if they are enrolled in the California Alternate Rates for Energy (CARE) program. Regarding reserves, Mr. Bardacke shared that CPA's goal was to meet a minimum 30% in reserves, putting less pressure on rates in the future. Although there were other options that would achieve the minimum reserves, those would have impacted customers to a greater extent. With Option 3, CPA would reach 26% reserves. Moving forward, rate options will remain within historical ranges, but volatile energy markets can affect those projections. Director Erickson expressed support for the Executive Committee recommendation. Director Monteiro commented that a rate increase now makes better sense for customers than a larger rate increase later due to SCE costs. Director Cao inquired about the process for enrolling in the CARE program. Mr. Bardacke clarified that the enrollment process is simple, and customers can sign up through SCE; customers who already receive public assistance may automatically qualify; the CARE program provides about a 30% discount. Director Shapiro expressed support for Option 3 and thanked the Executive Committee for their work. Responding to Director Perello's questions regarding the investment-grade credit

rating and customer participation, David McNeil, Chief Financial Officer, indicated that CPA is aiming for the BBB range. Mr. Bardacke expressed that staff is readily anticipating an increase in calls to the call center and an increase in visits to CPA's online bill comparison tool. Director Perello emphasized the importance of meeting reserve targets. In response to Director Torres' question about discussions around minimizing customer impact, Chair Gold indicated that staff modified Option 3 at the request of the Executive Committee following a lengthy discussion about reducing impact on CPA customers.

Director Mahmud added that CPA residential and commercial costs are less than 50% of the total cost of the bill; transmission and distribution costs are almost 50%, and the remaining balance is made up of additional costs imposed by the California Public Utilities Commission (CPUC). Notwithstanding the recent increases in energy costs, SCE's distribution and transmission costs will continue to rise at a greater rate than any anticipated increase in CPA energy costs; this is important to highlight for customers. CPA's energy rates have two primary components: they are based on revenues needed to address costs, and include the Power Charge Indifference Adjustment (PCIA). The PCIA represents CPA's responsibility to reimburse SCE for investments it made on behalf of customers that CPA is now serving. Director Mahmud commented that as of January 2023, CPA is in the extraordinary position of receiving PCIA payments from SCE because energy costs have increased to an extent greater than anticipated by SCE. Director Mahmud opined that CPA could benefit from this particular opportunity to add to reserves, as CPA's rates will still be more favorable. SCE lost \$800 million in December 2022, substantially increased their rates in January, and have already filed with the CPUC an additional 4% rate increase to take place this summer. CPA is subject to the same market volatility as SCE, but CPA staff and the Board have worked diligently to minimize the impact on CPA. Chair Gold requested that staff develop a list of public information talking points from Director Mahmud's comments that could be shared with Board members.

**Motion:** Director Erickson, West Hollywood  
**Second:** Director Monteiro, Hawthorne  
**Vote:** Item 8 was approved by a roll call vote with an abstention from Director Vasquez.

**OPEN NOMINATION PERIOD FOR ONE LOS ANGELES COUNTY AT-LARGE EXECUTIVE COMMITTEE POSITION FOR A TERM ENDING JUNE 30, 2024**

Chair Gold opened the nomination period for the Los Angeles County at-large Executive Committee position.

**MANAGEMENT REPORT**

Mr. Bardacke congratulated and thanked members of the Finance Committee and staff for their work finalizing the issuance of a prepay transaction. This prepay bond will save CPA customers over \$8 million a year on renewable energy purchasing costs. Mr. Bardacke advised that a second prepay transaction may be brought to the Finance Committee and Board at a future time. Board members may now request alternate meeting locations outside of the five standard remote locations on an as-needed basis up to three times per year. Mr. Bardacke thanked all Board Members who participated in the annual Lobby Day and invited participation in the California Community Choice Aggregation (CalCCA) annual conference in May.

In response to Director Mahmud's question about letters of support for the bill CPA is sponsoring, Mr. Bardacke indicated that staff will follow-up with Board members the following week.

#### **COMMITTEE CHAIR UPDATES**

Director Deborah Klein Lopez, Chair, Legislative & Regulatory Committee, thanked everyone who participated in the annual Lobby Day, where Directors met with both legislators and members of the Governor's Office to introduce CPA. Director Klein Lopez advised that Board members will receive a support letter template for AB 1538 to share with their cities.

Director Susan Santangelo, Chair, Finance Committee, shared that CPA recorded a net loss of \$16.7 million in the first six months of FY 22/23, and the cost of energy was 19% higher than budgeted due to severe heat events, spikes in natural gas prices, and charges from previous years. As of the end of 2022, CPA has \$49.5 million in unrestricted cash and almost \$80 million in line of credit; residential Accounts Receivables (AR) make up the majority of past due accounts and are trending upwards; commercial accounts have decreased and stabilized after service disconnection notices went out.

Director Robert Parkhurst, Chair, Energy Planning & Resources Committee, shared that the Energy Committee is working on power purchase projects and is open to new members who may be interested in learning more about the procurement process.

#### **BOARD MEMBER COMMENTS**

None.

#### **REPORT FROM THE CHAIR**

Chair Gold congratulated staff on the success of the prepay bond, thanked Mr. Bardacke for his efforts over the past five years and contributing to the success of CPA.

#### **ADJOURN**

Chair Gold adjourned the meeting at 3:44 p.m.