



MINUTES

Board of Directors of the
 Clean Power Alliance of Southern California
 Regular Meeting
 Thursday, May 4, 2023, 2:00 p.m.

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

Board members participated from the following locations:

Calabasas City Hall Council Conference Room 100 Civic Center Way Calabasas, CA 91301	CPA Office 801 S. Grand Ave., Suite 400 Los Angeles, CA 90017
Whittier City Hall Admin Conference Room 13230 Penn Street Whittier, CA 90602	Ventura County Government Center Channel Islands Conference Room, 4th Fl. Hall of Administration 800 South Victoria Avenue Venture, CA 93009
South Bay Cities Council of Governments Conference Room 2355 Crenshaw Blvd., Suite 125 Torrance, CA 90501	JW Marriot Desert Springs Director 2 Conference Room 74-855 Country Club Drive Palm Desert, California
Claremont City Yard Building A Front Conference Room 1616 Monte Vista Ave. Claremont, CA 91711	

CALL TO ORDER

Chair Julian Gold called the meeting to order at 2:00 p.m. and Gabriela Monzon, Clerk of the Board, conducted roll call.

PLEDGE OF ALLEGIANCE

Director Hicks led the pledge of allegiance.

Roll Call				
1	Agoura Hills	Deborah Klein Lopez	Director	Remote
2	Alhambra	Jeff Maloney	Director	Present
3	Arcadia	Michael Cao	Director	Remote
4	Beverly Hills	Julian Gold	Chair	Present

5	Calabasas	David Shapiro Ed Albrecht	Director Alternate	Remote
6	Camarillo	Susan Santangelo	Director	Remote
7	Carson	Cedric L. Hicks, Sr.	Director	Present
8	Claremont	Jeremy Swan	Alternate	Remote
9	Culver City	Yasmine-Imani McMorrin	Alternate	Remote
10	Downey			Absent
11	Hawaiian Gardens	Ramie L. Torres	Alternate	Remote
12	Hawthorne	Alex Monteiro	Director	Remote
13	Hermosa Beach	Doug Krauss	Alternate	Present
14	Los Angeles County	Lindsey Horvath	Vice Chair	Present
15	Malibu	Marianne Riggins	Director	Remote
16	Manhattan Beach	Amy Howorth	Director	Remote
17	Moorpark			Absent
18	Ojai	Betsy Stix	Director	Remote
19	Oxnard	Bert Perello	Director	Remote
20	Paramount	Vilma Cuellar Stallings	Director	Remote
21	Redondo Beach			Absent
22	Rolling Hills Estates	Fred Zerunyan	Alternate	Remote
23	Santa Monica	Gleam Davis	Director	Present
24	Santa Paula	Jenny Crosswhite	Director	Remote
25	Sierra Madre	Robert Parkhurst	Director	Present
26	Simi Valley	Rocky Rhodes	Director	Remote
27	South Pasadena	Diana Mahmud	Alternate	Present
28	Temple City			Absent
29	Thousand Oaks	David Newman	Director	Remote
30	City of Ventura	Liz Campos	Director	Remote
31	Ventura County	Vianey Lopez	Vice Chair	Remote
32	West Hollywood	John Erickson Chelsea Byers	Director Alternate	Present Remote

33	Westlake Village			Absent
34	Whittier	Leon Vasquez	Alternate	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from April 6, 2023, Board of Directors Meeting
2. Approve Appointments to the Community Advisory Committee
3. Authorize the Chief Executive Officer to Execute Task Order No. 5 with Ascend Analytics for 2023 Clean Energy and Reliability RFO Support Services for a Not-to-Exceed Amount of \$172,500
4. Authorize CPA Staff to Submit an Extension Request to the California Energy Commission to meet its Load Management Standards Compliance Obligations
5. Approve An Amendment to the Professional Services Agreement with Langan Engineering and Environmental Services, Inc. for Software Development and Information Technology Consulting Services with a Total Not-To-Exceed Amount of \$205,000
6. Receive and File Bill Positions Monthly Report
7. Receive and File Community Advisory Committee Monthly Report

Motion: Director Hicks, Carson

Second: Vice Chair Horvath, Los Angeles County.

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

CLOSED SESSION

8. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: 1.

Nancy Whang, General Counsel, reported that no reportable action was taken.

REGULAR AGENDA

11. Election of Los Angeles County At-Large Position on the Executive Committee
This Item was presented out of order of the agenda.
Director Maloney withdrew his candidacy for this election cycle, expressed his ongoing support for CPA and its mission, and noted his interest in serving on the Executive Committee in the future.

Los Angeles County Regular Directors unanimously elected Cedric L. Hicks, Sr., Carson, as an At-Large Executive Committee member, with a term ending June 30, 2024.

9. Approve a Rate Setting Approach for Fiscal Year 2023/2024:
- (a) Set the CPA Product Price Differential Between 100% Green Power and Clean Power to 4% and the Differential Between 100% Green Power and Lean Power to 5%; (b) Select An Option Establishing a Consistent Total Bill Comparison Level for Residential and Small Business Rates Using SCE's March 1, 2023 Rates:
- I. Option 1 - Minimum Reserve Scenario: Target 100% Green Power Rates to Provide a 1% Discount with Clean Power at a 5% Discount and Lean Power at a 6% Discount;
 - II. Option 2 - Moderate Reserve Scenario: Target 100% Green Power Rates to Provide a 1% Premium with Clean Power at a 3% Discount and Lean Power at a 4% Discount;
 - III. Option 3 - Midpoint Reserve Scenario (Recommended by Executive Committee): Target 100% Green Power Rates to Provide a 3% Premium with Clean Power at a 1% Discount and Lean Power at a 2% Discount;
- (c) Update Rates for Large Commercial, Pumping and Agriculture, and Streetlighting Customers Rate Classes to Reflect CPA's Current Cost of Service (COS); (d) Set Total Bill Comparisons for Customers in the Cities of Hermosa Beach, Monrovia, and Santa Paula at the same Total Bill Comparison Levels as Customers of the Current Member Agencies

Matt Langer, Chief Operating Officer, provided a presentation on the FY 2023/24 rate setting approach. The April 2023 interim rate adjustment brought CPA closer to its fiscal goals for the current year, but progress toward CPA's Reserve Policy targets has been slower than expected. Mr. Langer discussed considerations for the rate approach, including product and rate class pricing differentials, bill comparison levels, subset rates, and the approach for new communities enrolling in 2024. CPA's most recent cost of service (COS) analysis showed a widening of the product price differential amongst CPA's three rate products. Based on the most current COS, staff recommends setting the FY 23/24 price differential target between 100% Green and Clean to 4% and the differential target between 100% Green and Lean to 5%; and bill comparisons consistent across residential and small business rate classes. The three presented bill comparison options offer a range of potential outcomes for CPA's competitiveness and financial and rate stability objectives. The minimum reserve option offers an approximately \$160 million potential contribution to the net position, a 30% reserve target, 111 Days Liquidity on Hand (DLOH). The moderate reserve option offers an approximately \$225 million potential contribution to the net position, a 35% reserve target, and 129 DLOH. Lastly, the midpoint reserve option, recommended by the Executive Committee, offers an approximately \$290 million potential contribution to the net position, a 40% reserve target, and estimated 148 DLOH. Southern California Edison's (SCE's) June 2023 rate change is expected to slightly increase delivery charges and may increase SCE generation rates, potentially strengthening CPA's competitive position compared to any of the options. Staff recommend updating subset rates to reflect the currently projected COS. Customers in Hermosa Beach, Monrovia, and Santa Paula will be placed on SCE's 2023 vintage Power Charge Indifference Adjustment (PCIA) when CPA begins serving them in March 2024. Total bill comparisons for customers of these new member communities are proposed to be at the same level as current CPA customers for at least the first year of service; finally, staff recommend that the Board delegate to staff the ability to adjust the rates for these new member communities, if needed, to support consistent comparisons as SCE rates change within FY 23/24.

Responding to Director Hicks' question about SCE's rate change, Mr. Langer noted that SCE is proposing to increase the June residential distribution rate by around 1%, which will affect all CPA customers. Director Hicks expressed concern about the impact on customer costs. Director Parkhurst asked several questions on 2024 procurement targets and regulatory requirements, summer electricity demands and reserves, and the effects of extreme weather on rate setting. Mr. Langer clarified that CPA paid significant costs to procure both clean energy and resource adequacy and that these procurement costs are built into the rate options. Regarding reserves, Mr. Bardacke clarified that the reserves and DLOH do not factor in extreme weather. Staff assumed a higher contingency level in forecasted costs as a result of the extreme weather and high energy prices experienced in late 2022 and early 2023. Director Klein Lopez shared that the Executive Committee recommended the midpoint reserve option due to its lower risk outcomes and close alignment with CPA's historical target product price differentials. Vice Chair Horvath echoed Director Klein Lopez's comments, adding that the midpoint reserve option allows for more long-term flexibility and brings CPA closer to achieving an investment grade credit rating, which will help lower customer costs over the longer-term.

Motion: Vice Chair Horvath, Los Angeles County

Second: Director Mahmud, South Pasadena

Vote: Item 9, with support for Option 3, was approved by a roll call vote, with a no vote from Director Hicks.

10. Review Fiscal Year 2023/2024 Budget Priorities

Ted Bardacke, CEO, reviewed CPA's 2023/24 operational priorities and provided operating expense context. CPA's ability to impact rates in the short term through its operating expenses, which make up less than 4% of its total costs, is limited, but it can increase impact and reduce risk through investments. Budget operating expenses are set to increase by about 25% and are driven by investments in staffing and customer programs; as a whole other operating expenses will be flat or decline. Mr. Bardacke discussed customer programs and staffing budget priorities and projections, noting that there has been improvement in staffing turnover rates but that those rates among mid-level management are disproportionately high. The initial budget projects a 43% increase in staffing costs to a still industry-leading 1.3% of revenue in FY 23/24. CPA continues to compare favorably with other Community Choice Aggregations (CCAs) on operating expenses and staffing.

Director Mahmud inquired about the indirect expenses associated with not hiring new staff. Mr. Bardacke explained that expenses include potential burnout among remaining staff and that can lead to additional staff turnover, which in turn leads to increased recruitment and training costs. Responding to Director Parkhurst's questions about compensation and the electrification advisor, Mr. Bardacke indicated CPA falls within the middle of the CCA compensation market and is able to attract other CCA employees, in part, due to its flexible remote work policy. Regarding the electrification advisor, Mr. Bardacke explained that the electrification advisor will help CPA customers access the abundant state and federal resources currently available for electrification. Responding to Director Hicks' questions about an intern program, Mr. Bardacke explained that CPA

budgets for 2-4 paid interns and plans to launch a fellowship program that would provide a pathway to full-time employment. Director Perello inquired about the policy for staff promotions and merit increases. Dr. Monique Edwards-Greer, Chief Administrative Officer, shared that CPA conducts evaluations after 90 days of employment, has scheduled check-ins, and annual performance evaluations, all of which are documented using a performance management software called Lattice. Clear documentation and progression opportunities for staff supports potential promotions and/or merit increases.

12. Presentation on Summer Reliability

Mr. Bardacke briefly discussed potential summer reliability challenges and the most effective means of communicating those challenges to customers.

Vice Chair Horvath emphasized the need for communication and coordination among staff and Board Members to address the potential reliability challenges.

MANAGEMENT REPORT

Mr. Bardacke reminded the Board of CPA's fifth anniversary event on June 7, 2023. Mr. Bardacke thanked all directors who solicited support for AB 1538 and advised the Board of another upcoming bill, AB 1373, that may pose a threat to CPA's autonomy to set rates and procure power. Lastly, Mr. Bardacke indicated that staff are monitoring the income-based fixed charges proposal; while the bill may not impact CPA's competitiveness, it will impact all electricity customers.

COMMITTEE CHAIR UPDATES

Director Susan Santangelo, Chair, Finance Committee, shared that the Finance Committee reviewed the operating expense budget and budget priorities.

Director Robert Parkhurst, Chair, Energy Planning & Resources Committee, indicated that the Energy Committee discussed new strategies and opportunities for both short-term and long-term procurement to maintain reliability and manage costs.

BOARD MEMBER COMMENTS

None.

REPORT FROM THE CHAIR

None.

ADJOURN

Chair Gold adjourned the meeting at 3:54 p.m.