



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

*A regular meeting of the Board of Directors was held on **February 20, 2020** at the offices of the Authority:*

**1160 Nicole Court
Glendora, California 91740**

*This meeting was called to order at **10:01 AM** by the President.*

**The following Board Members (B)
and Alternates (A) were present:**

Tom Miller (B), Rebecca Gallegos (A), Manny Robledo (B),
Danny Garcia (A), Todd Corbin (B), Abraham Alemu (B),
Gurcharan Bawa (B), Jorge Somoano (B), Reiko Kerr (A),
Marylin Gilbert (A), Ramzi Raufdeen (A), Mark Young (A)
Dukku Lee (B)

Staff Members present were:

Michael Webster, Richard Morillo, Peter Nguyen, Joan Ilagan,
Tanya DeRivi, Amy Mmagu, Nick Blair, Rachel Powell, Katie
Ellis, Joanna Lopez, Bryan Cope, Daniel Hashimi, Aileen Ma,
Randy Krager, Matt Curtis

**Attorneys, Member Employees
and Consultants present were:**

Victor Hsu (Norton Rose Fulbright), David Reichman (RKS
Research and Consulting)

1. Notice/Agenda and Opportunity for the Public to Address the Board

Mr. Somoano called the meeting to order at 10:01 a.m. Safety protocol was reviewed by Mr. Somoano and Mr. Webster. Mr. Somoano invited comments from the public. There being none, Mr. Somoano presented to the Board for their consideration the Consent Calendar.

The Consent Calendar was Moved by Tom Miller and seconded by Gurcharan Bawa. Unanimously approved. No abstentions.

2. Special Presentation to the SCPPA Board of Directors

Mr. Webster requested to have Agenda Item 4A go before the Executive Director's Report. There being no objections, Mr. Cope introduced Mr. Reichman of RKS Research and Consulting.

In 2019, CMUA members collectively commissioned a biennial statewide business customer survey. Mr. Reichman presented to the Board the results of the survey.

575 interviews were conducted prior to wildfire season and PG&E's planned outages in 2019. Survey results indicated that overall customer satisfaction was higher with public utilities than with investor-owned utilities. Mr. Reichman noted the opportunity for municipalities to solidify their role as a "go-to" source. Mr. Reichman presented to the Board further findings from the survey and advised members that the feedback is very positive for POUs. He advised the Board to strive for excellence and to work toward becoming a "one stop shop" for customers.

Mr. Reichman took questions from the Board.

**3. Executive Director's Report
Working Group Update:**

Mr. Webster discussed strategic priorities and said the Working Group Chairs have been meeting together to discuss what their respective groups are doing. This has led to joint meetings. Natural Gas and Risk

Management met to discuss ways to hedge gas transport. The dialog was helpful to get started toward solutions. Mr. Webster stated that SCPPA will be hosting mini ¾ day workshops with multiple representatives from Working Groups. There will be a Transportation Electrification Workshop on March 5 and a Building Electrification Workshop will occur in April.

SCPPA's Annual Conference will be held May 21. Mr. Webster asked Members to register.

The Cybersecurity Working Group is in need of a Chairperson. There is currently a Vice Chair, but not a Chair. Mr. Somoano asked the Board to recommend anyone from their utilities who might be a good fit.

Resolution 2020-012:

Mr. Webster brought before the Board for their consideration Resolution 2020-012: Energy Efficiency and Demand Reduction Program. Mr. Webster stated that there has been a question regarding the authority SCPPA has to enter into certain types of contracts. SCPPA has been collaborating with outside legal counsel to research this question. Mr. Webster cited Public Utilities Code Section 9615, which states that "publicly owned electric utilities...shall first acquire all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible." He further referenced Section 224.3 of the same Code, which includes a joint powers authority that both owns generation or transmission facilities and has Members that furnish electric services. SCPPA qualifies as a local publicly owned electric utility. Mr. Webster cited Section 6509 of the Joint Powers Act, which says that SCPPA must meet all the same requirements as one of its Members, as specified in its chartering documents. That Member is Riverside. Mr. Morillo clarified that the selection of Riverside was arbitrary and that it could have been any of the Members. SCPPA as a whole is subject only to those laws which govern the City of Riverside. If Riverside has self-imposed restrictions that go beyond legal requirements, SCPPA is only required to abide by the legal regulations.

Mr. Webster stated that SCPPA must first acquire all energy efficiency and demand reduction resources before exercising its powers to build generation or transmission. He presented three possible strategies to the Board. They are as follows: Members will demonstrate that they are implementing Energy Efficiency and Demand Reduction; SCPPA will implement EE/DR programs on behalf of its Members; or a Hybrid option, which is that SCPPA will support Members' implementation of EE/DR via Joint Action. The latter of the three options was presented as Mr. Webster's recommendation to the Board in Resolution 2020-012. Mr. Lee asked whether an external legal team has opined on the matter. Mr. Morillo said SCPPA did not ask outside legal to review. Mr. Lee requested that an outside legal team review, regardless of how the vote should go.

The Resolution was Moved by Mr. Lee and seconded by Mr. Robledo; however, Mr. Corbin requested additional time to review. Mr. Lee asked if 30 days would be sufficient. Mr. Corbin answered affirmatively. Mr. Lee withdrew his motion. Mr. Robledo agreed to wait 30 days. The motion was withdrawn.

Mr. Webster noted that if SCPPA approves a program, no Member is required to participate in that program. SCPPA's legal team offered to discuss the matter with Riverside's legal team.

4. Resource and Program Development Reports **EV Deployment:**

Ms. Lopez presented to the Board information regarding EV Chargers. She stated that SCPPA Members have a total of 21 electric vehicles for every charger. The state requirement is a ratio of 10:1. Ms. Lopez shared with the Board the ratios, per utility, of EVs to Chargers. The numbers presented indicated that there is room for improvement. SCPPA will be hosting a Transportation Electrification Workshop. Ms. Lopez noted that data came from the Department of Energy website and from the DMV. Ms. Kerr and Mr. Somoano questioned data presented. Mr. Somoano said the Department of Energy data is old. Board Members agreed that the data is at least a couple of years old. Mr. Somoano asked how much energy is being used by each EV charger. Mr. Cope answered that the average publicly available charger is using about 400-500KWhs per month.

Open Mountain Energy, LLC: Mr. Krager presented to the Board two geothermal projects for their consideration. Whitegrass is located in Lyon County, Nevada. Glendale is a participating Member. The contract term is for 25 years, expiring in December 2045. The contract price is \$67.50/MWh, with a credit if Open Mountain puts in solar on parasitic load. This is an existing facility and delivery will commence April 1, 2020. Expected annual generation is 23,000 MWh. There are monthly guarantees in summer months, when geothermal production tends to go down.

Mr. Krager recommended to the Board for their approval Resolution 2020-005 for Whitegrass Geothermal Project.

The Resolution was Moved by Mark Young and seconded by Tom Miller. Unanimously approved. No abstentions.

Star Peak: The second geothermal project Mr. Krager presented was Star Peak, which is currently in development. The land is occupied both privately and by the Bureau of Land Management. The participating Member is Glendale. The facility is located in Pershing County, Nevada. Contract term is 24 years, expiring in December 2045. Contract price is \$70.25/MWh. Expected annual generation is 100,000 MWhs.

Mr. Krager recommended to the Board for their approval Resolution 2020-006 for Star Peak Geothermal Project.

The Resolution was Moved by Mark Young and was seconded by Manny Robledo. Unanimously approved. No abstentions.

5. CFO/CAO's Report

Resolution 2020-008:

Ms. Ma addressed the Board regarding an Auditing Services RFP, which was issued on 9/3/2019 and closed on 10/18/2019. The RFP was sent to 7 firms with California JPA and/or municipal utility clients. SCPPA received 4 proposals in response. An Evaluation Team consisted of the Audit Committee, Anaheim, Colton, LADWP, and Pasadena.

Ms. Ma stated that SCPPA's Evaluation Team first evaluated technical proposals without consideration of cost. The Team used a scoring matrix to evaluate vendors based on expertise and experience, and audit approach, using a 1-10 scoring scale. Pricing proposals were factored into final scores. The top two firms were invited for in-person interviews.

Ms. Ma shared with the Board questions that were asked during the interview process and presented overall scores of each firm. Moss Adams received the highest overall score and was the recommended vendor. Ms. Ma asked the Board to approve a Professional Services Agreement with Moss Adams LLP for a period of 3 years, with an option to extend for another 3 years.

Ms. Ma took questions from the Board and advised that as SCPPA continues to add projects, the price will change. She stated that the cost shared by Members depends on the complexity of the project.

Resolution 2020-008 was Moved by Reiko Kerr and seconded by Todd Corbin. Unanimously approved. No abstentions.

Resolution 2020-009:

Ms. Ma discussed the Municipal Advisory RFP, which was issued on 9/23/2019 and closed 10/25/2019.

The RFP was sent to 7 firms with California public power clients. Two proposals were received in response. The Evaluation Team consisted of Burbank, Colton, and LADWP. The Team reviewed technical proposals first, without consideration of cost. Proposals were scored based on capability/experience of the firm, methodology/approach to municipal advisory work, creativity/innovation, and an understanding of SCPPA's requirements. Pricing proposals were factored into final scoring. After further review, with a unanimous recommendation by the Evaluation Team, PFM was selected as the recommended vendor. The Finance Committee concurred with the recommendation.

Resolution 2020-009 was Moved by Dukku Lee and seconded by Reiko Kerr. Unanimously approved. No abstentions.

Resolutions 2020-010 and 2020-011 (Project Votes):

Ms. Ma proposed to the Board for their consideration Bond Refunding for Linden & Windy Flats. Project participants include LADWP and Glendale. Ms. Ma recommended the preparation of financing documents for the refunding of Linden Wind Energy Project Revenue Bonds, as well as the preparation of financing documents for the refunding of Windy Point/Windy Flats Project Revenue Bonds.

Resolutions 2020-010 and 2020-011 were Moved by Reiko Kerr and seconded by Mark Young.

Unanimously approved.

PROJECT VOTES (Linden & Windy Flats)			
Resolutions 2020-010 and 2020-011: Bond Refunding			
Member	Approve	Deny	Present, Not Voting
Azusa			X
Anaheim			X
Banning			X
Burbank			X
Cerritos			X
Colton			X
Glendale	X		
IID			X
Los Angeles	X		
Pasadena			X
Riverside			X
Vernon			X

6. Director of Government Affairs' Report**APPA Legislative Rally:**

The APPA Legislative Rally will be held February 24-26. Ms. DeRivi reviewed a schedule of events for the Rally. Advocacy issues include vegetation management, wildfires/PSPS events, municipal financing, climate change, and spent nuclear fuel. Ms. Mmagu has leave-behind papers for the Board Members who will be in attendance.

State Legislation:

The deadline to introduce bills is tomorrow, February 21, 2020. The Government Affairs Team is advocating on behalf of SCPPA Members regarding the following issues: procurement mandates, wildfires/climate change (PSPS), self-generation/non-discriminatory fees, elimination of RPS "Bucket 3", streamline EV charger deployment, RA/OTC policy response, and many others. The Team is sending a list to Members of all bills potentially impacting SCPPA.

Regulatory Update:

CARB wants information from government agencies. They are understanding that we may need to look at exceptions for emergency and service vehicles. Enforcements on vehicles may be difficult for mutual assistance. Ms. DeRivi said that CARB sounds sympathetic.

Advanced Clean Truck Rule had a workshop today on proposed revisions. 15-day changes will be released late March/early April.

The Zero Fleet Rule had a kickoff workshop on February 12. The Rule applies to trucks operating in California. There are 1.7 million registered trucks in California alone. CARB might be willing to be lenient on emergency vehicles. Working Groups will work to clarify the specifics of rulemaking. The Team is optimistic that CARB might be cooperative.

CEC RPS Rules:

A consensus was reached on qualifying JPAs, assignments, and reallocation. Consensus was not reached on minimum outputs, contract assignments, nor on pricing terms. Consensus was reached on “reasonable proximity”, project expansions, and sales within single projects, but required IRP updates are unclear. Ms. DeRivi stated that the Team is hoping for preferred language in April, when a formal package is scheduled to come out.

7. Director of Asset Management and Special Projects’ Report

Budget Comparisons:

Ms. Ellis presented to the Board Budget Comparisons for Q1 of the fiscal year 2019-2020. All projects are under budget. Ms. Ellis stated that we hope to see projects 75% under budget in the first quarter and most projects are near that.

Magnolia/SoCal Gas Dispute:

SCPPA filed a complaint with the Public Utilities Commission on 11/28/18, seeking damages in the amount of \$216,798. SCPPA claimed that a faulty meter resulted in understated gas volumes between 12/2014 and 04/2017. The shortage required a one-time purchase of 159,410 MMBtu at \$4.15/MMBtu to a total of \$661,551.50 in June 2018. PUC stated they have no jurisdiction to award damages but noted that SoCal Gas abdicated its statutory responsibility for ensuring equipment is functional. SCPPA did not appeal and the matter was dismissed on 2/12/2020. SCPPA will not pursue the matter further.

Linden Wind Project:

Senvion filed for bankruptcy in Germany in April of 2019. SCPPA received a notice effective 2/29/2020 that Senvion will cease to provide services. SCPPA was already considering terminating the contract. SCPPA will enter a short-term emergency contract to fill immediate needs and will issue an RFP for a long-term resolution.

Resolution 2020-008 (Project Vote):

Ms. Ellis presented to the Board for their consideration Resolution 2020-008, a 3-month budget for Whitegrass Geothermal Project. The budget is for April to June 2020. Glendale is the only participating Member.

Resolution 2020-008, a Project Vote, was Moved by Mark Young and was seconded by Gurcharan Bawa. Unanimously approved.

Member	PROJECT VOTE (Whitegrass)		Present, Not Voting
	Approve	Deny	
Azusa			X
Anaheim			X
Banning			X
Burbank			X
Cerritos			X
Colton			X
Glendale	X		
IID			X
Los Angeles			X
Pasadena			X
Riverside			X
Vernon			X

8. Roundtable Discussion

Mr. Somoano asked for Roundtable comments. Mr. Robledo provided an update about Azusa Water, stating that they are facing a high cost in replacing water meters. Mr. Corbin stated that Riverside is looking forward to approval for an ISO Transmission Project. Mr. Raufdeen stated that Cerritos no longer has need to pay SoCal Edison, which will result in a boost in revenue for the city.

After no further comments from the Board, Mr. Somoano called the meeting to a close at 12:28 p.m.

Respectfully Submitted,

DocuSigned by:

Michael S Webster

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Michael S. Webster
Assistant Secretary