

**San Joaquin Valley Power Authority**  
**Minutes**  
**Regular Board Meeting**  
**April 12, 2007**

**Draft Minutes** of the Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held April 12, 2007.

Authority Board Chair Thomas Haglund (City of Hanford) called the meeting to order at 2:00 PM.

**ROLL CALL**

Board Chair Haglund requested the official roll call of Authority Board Members

**MEMBERS PRESENT**

CITY OF CLOVIS

Alternate Director Robert Ford

CITY OF CORCORAN

Director Ron Hoggard

CITY OF DINUBA

Absent

CITY OF FRESNO

Alternate Director Rene Ramirez

CITY OF HANFORD

Director Thomas J. Haglund

CITY OF KERMAN

Director Ron Manfredi

CITY OF KINGSBURG

Director Don Pauley

KINGS COUNTY

Director Larry Spikes

CITY OF LEMOORE

Director John Tyler

CITY OF PARLIER

Director Lou Martinez

CITY OF REEDLEY

Alternate Director Rocky Rogers

CITY OF SANGER

Alternate Director John Mulligan

CITY OF SELMA

Absent

Melissa Goliti, Kings River Conservation District (KRCD), reported twelve (12) of the thirteen (13) Authority Member Agencies were present for a total of 94.97% voting shares under the

Joint Powers Agreement.

**OTHERS PRESENT**

Jeff Aldolph, Pacific Gas and Electric  
Judy Bier, City of Selma  
Scott Blaising, Braun & Blaising, P.C  
Bill Delain, Southern California Edison  
Paula Farris, Astone  
Melissa Goliti, Kings River Conservation District  
Brent Graham, Kings River Conservation District  
Lyn Gregory, Tulare County  
Jane Luckhardt, Downey, Brand, Seymour and Rohwer, LLP  
Cam Maloy, Pacific Gas and Electric  
Patrick Mealoy, Navigant Consulting Inc.  
Anna Miller, Kings River Conservation District  
David Orth, Kings River Conservation District  
Donna Pepper, Kings River Conservation District  
Jim Richards, Kings River Conservation District  
Randy Shilling, Kings River Conservation District  
Brian Thoburn, Southern California Edison  
Brian Trevarrow, Kings River Conservation District  
Cristel Tufenkjian, Kings River Conservation District  
Marlon Walker, Southern California Edison

**ADDITIONS TO OR DELETIONS FROM THE AGENDA**

Board Chair Haglund reported Resolution 07-03 was added to Agenda Item 8 Terms and Conditions for the Inclusion of Tulare County as an Authority Member, in order to formally codify any action the Authority Board may take.

**PUBLIC PRESENTATIONS**

There were no public presentations.

**APPROVAL OF MINUTES**

It was moved by Director Ron Hoggard, City of Corcoran, seconded by Board Secretary John Tyler, City of Lemoore, and approved on a voice vote (voting shares: 94.97% approved, 5.03% absent, 0% opposed) to adopt the Minutes of the March 22, 2007 Authority Board Meeting as distributed.

**REPORT FROM THE DIRECTORS**

Board Chair Haglund reported the Kings County Grand Jury interviewed him, in his capacity as Board Chair. The intent expressed by the committee was to gain additional information regarding the Community Choice Program. Mr. Haglund distributed a list of questions from his interview with the Kings County Grand Jury and noted the Grand Jury suggested the questions be shared with all the Authority Board members.

There were no other Directors reports.

### **REPORT FROM THE AUTHORITY EXECUTIVE COMMITTEE**

Board Chair Haglund reported the Executive Committee has executed a Letter of Agreement for General Counsel with Jane Luckhardt of Downey, Brand, Seymour and Rohwer, LLP and introduced Ms. Luckhardt to the Board.

Mr. Haglund reported the Executive Committee has appointed a limited purpose ad hoc Committee to work on the development of Program Agreement 1 (PA1) and the Power Services Agreement (PSA) as defined in the Joint Powers Agreement. Mr. Haglund noted the PA1 is the agreement which each Authority member entity will execute in order for Community Choice Aggregation to be implemented.

Mr. Haglund stated the ad hoc Committee is scheduled to meet again on April 23, 2007 to develop a final draft to be presented to the Authority Board in a Board Workshop. After further discussion, the Board Workshop was scheduled for April 26, 2007 a 10:30 A.M., in order to review the final draft of PA1.

### **KINGS RIVER CONSERVATION DISTRICT REPORT**

Dave Orth, Kings River Conservation District (KRCD), provided a status report on various activities KRCD has been actively engaged in as agent for the Authority. Mr. Orth provided an overview of topics that were further discussed by representatives of Navigant Consulting Inc. (NCI), and Scott Blaising, Braun & Blaising, P.C., which included the following:

Regulatory Update: Patrick Mealoy, NCI, provided an update on Regulatory issues, stating the meeting with Pacific Gas and Electric (PG&E) and Southern California Edison (SCE) on March 28, 2007 was well attended. Discussions covered comments from the Investor Owned Utilities (IOU) in response to the Authority's Community Choice Aggregation (CCA) Implementation Plan (Implementation Plan) and proposed modifications to the Implementation Plan.

Mr. Mealoy reported additional meetings will be scheduled with the California Public Utilities Commission (CPUC) to clarify the Authority's intent to file a modification to the Implementation Plan, respecting the current timeline of the process. Mr. Mealoy stated NCI is developing a 2008 Load Forecast on behalf of the Authority, a requirement of Resource Adequacy in California, which is expected to be filed by April 17, 2007. The Authority's forecasted generation load will be coordinated with PGE & SCE.

Cost Responsibility Surcharge (CRS): Mr. Blaising presented a protest letter from KRCD on behalf of the Authority in response to the Advice Letter 3002-E from PG&E and SCE

to the CPUC. Mr. Blaising explained the letter from KRCD is a normal response in the regulatory process. Mr. Blaising further described the differing elements the Authority is asking the CPUC to consider and set out of the IOU's' CCA CRS Advice Letter.

Mr. Blaising provided an overview of the points raised in the protest letter, including concerns regarding PG&E's proposed methodology to develop a CRS applicable to CCA customers and SCE's failure to justify a proposed significant yearly increase in the Power Charge Indifference Adjustment (PCIA). The IOUs have replied by means of explanation to the Letter of Protest from the Authority and a draft Resolution by the CPUC Energy Division will be presented to the CPUC for subsequent action within the weeks to come.

Service Agreement Negotiations with PG&E and SCE: Mr. Blaising provided a status report of the Service Agreement negotiations with PG&E and SCE. Mr. Blaising reviewed an objectionable term in the Service Agreement proposing joint and several liability, which provides that each member would be individually responsible for any Joint Powers Agency (JPA) liabilities. As a JPA, the Authority is a separate entity, unique and distinct from its separate members. This objection has been communicated to the IOUs and they have been asked to remove that provision, recognizing the tariffs do include a provision whereby the CCA needs to provide reasonable assurance it can meet its financial obligations. A response is expected from the IOUs that may serve to address these concerns to the benefit of the Authority.

Director Pauley, City of Kingsburg, asked if there are other issues the Authority may be waiting for IOU responses which could affect the time line and necessitate a resubmission of the Implementation Plan to the CPUC. Mr. Blaising reported the CPUC has set out a procedural time line to respond and noted there is no indication the CPUC is moving off the current ninety (90) day time line for certifying its receipt of the Implementation Plan.

Data Management Vendor: Mr. Mealoy stated the Data Management Vendor (Vendor) will collect meter data from the IOUs, review the data, apply the Authority's rates and return the data within twenty-four (24) hours to the IOUs for direct billing of CCA customers. The Vendor will also provide daily cash flow updates to the Authority and provide a customer call center. Mr. Mealoy reported there are four (4) qualified major subcontractors currently providing similar services within the United States, with three (3) providing direct access to customers within California. The preferred Vendor has been identified and negotiations on final contract terms are anticipated to be conducted within the next several weeks. Mr. Mealoy expects a representative of the proposed Vendor will be available for the next Authority Board meeting.

Request For Proposals (RFP) for Renewable Energy Supply: Mr. Mealoy reported the CCA Program will be required to at least meet the State's renewable portfolio standards (RPS) of twenty (20) percent of energy consumed by 2010. Mr. Mealoy reported that KRCD will issue an RFP for up to 400 MW of eligible renewable resources that could be brought on-line between 2008-2010. Bids are to be submitted by May 24, 2007.

Mr. Mealoy reported the recommended criteria to be addressed includes: service territories located within KRCD and the Authority Member's service territories, located within the San Joaquin Valley, or located within California. Mr. Mealoy reported further the RFP will provide an opportunity for local economical development in the Valley and supports the

achievement of the California Partnership to move the Valley forward to clean energy production.

Application for Certification (AFC): Mr. Orth reported on the status of completing the AFC for the KRCD Community Power Plant and filing of the AFC with California Energy Commission (CEC) by May 2007. Mr Orth anticipates receiving data adequacy determination from the CEC approximately two (2) to three (3) months thereafter, with a Permit to Proceed to be issued to the Authority as early as July 2007.

Mr. Orth reported further on the Public Workshop scheduled to be held April 19, 2007 at the Parlier Community Center, stating the Workshop will provide an opportunity to address general information on Community Choice and inform the community on specifics regarding the permitting process of the KRCD Community Power Plant.

Interim Financing: Randy Shilling, KRCD, reported the KRCD Board of Directors has adopted a Resolution to issue Tax and Revenue Anticipation Notes (TRANS) for Interim Financing. The structure of the Interim Financing is a Commercial Paper Program, which will be authorized effective July 1, 2007, but will only be issued if and when the money is needed.

The Interim Financing is intended to include three (3) components; (1) cash flow for the CCA program, (2) base load plant permitting costs, and (3) reimbursement to KRCD for costs incurred for CCA program development. As more debts are incurred by KRCD for administration of the CCA program, Commercial Paper will be issued to reimburse those debts. As proposed, the Taxable portion will be for an amount not to exceed \$17 Million and the Tax Exempt portion will be for an amount not to exceed \$28 Million, for a total debt not to exceed \$45 Million.

Mr. Shilling provided a timeline for the Interim Financing stating the TRANS must be issued by July 1, 2007. In order to meet this time frame, and allow for the mandatory sixty (60) day Validation Period, the Authority will be requested to formally execute the Power Services Agreement (PSAs) by July 1, 2007. Mr. Orth noted the PSA to be executed between KRCD and the Authority will allow for the recovery of costs incurred by KRCD for administering the CCA Program.

Public Affairs: Cristel Tufenkjian, KRCD, distributed copies of newly produced booklet that covers general information regarding the Authority, the KRCD Community Power Plant, and the permitting process for the power plant. Produced by Astone, the booklet includes a Frequently Asked Questions section in an effort to be of assistance to the public in gaining insight and input into the permitting process of the power plant.

### **TERMS AND CONDITIONS FOR THE INCLUSION OF TULARE COUNTY AS AN AUTHORITY MEMBER AND RESOLUTION 07-03**

David Orth, KRCD, stated on December 5, 2006, the Tulare County Board of Supervisors (Tulare County Board) adopted Resolution 2006-0885 by which the Tulare Board authorized the payment of \$20,500 to KRCD for an economic analysis of the financial opportunity provided by CCA through Tulare County's membership in the Authority. On April 10, 2007, the Tulare County Board adopted Resolution 2007-0195 by which the Tulare County

Board requested that Tulare County be considered for membership in the Authority.

Mr. Orth reported the Authority's Executive Committee desires to establish conditions for adding Tulare County as a new member of the Authority, so that the Authority has reasonable assurances that adding Tulare County as a new member in the Authority at this juncture will not adversely affect the timeline or financial objectives described in the Implementation Plan.

Board Chair Haglund requested input and discussion from the Board members. Director Pauley, City of Kingsburg, reported that at an unrelated meeting with Brian Haddix of Tulare County, he had received a copy of a Question and Answer document that was submitted to the Tulare County Board members by the IOUs, which essentially questioned the credibility of the CCA program. Director Pauley stated his gratitude to the Tulare County Board for their insight and strength to move forward with the project against the significant opposition by the IOUs.

The Board and KRCD staff then discussed proposed terms and conditions of membership for Tulare County, noting two (2) primary issues that must be addressed; (1) that inclusion of Tulare County as a member of the Authority would not adversely affect or delay the timing of CCA implementation for the current Authority members, and (2) that inclusion would not adversely affect the initial projected rates under the Authority's CCA program. Alternate Director Rogers, City of Reedley, sought and received clarification that the proposed resolution requires that Tulare County's inclusion not delay the timing of CCA implementation.

Upon further discussion, Board Chair Haglund requested the Authority Board consider the terms and conditions for the inclusion of Tulare County as an Authority member pursuant to Section 3.1 of the Joint Powers Agreement and requested the Authority Board adopt Resolution 07-03 formally approving the terms and conditions for the inclusion of Tulare County as an Authority member.

It was moved by Director Pauley, City of Kingsburg, seconded by Board Vice Chair Manfredi, City of Kerman, and approved on a voice vote (voting shares: 94.97% approved, 5.03% absent, 0% opposed,) to adopt Resolution 07-03 approving the inclusion of Tulare County as an Authority member.

#### **MODIFICATIONS TO THE AUTHORITY'S COMMUNITY CHOICE AGGREGATION (CCA) IMPLEMENTATION PLAN AND RESOLUTION 07-04**

Board Chair Haglund requested discussion from Board members regarding modifications to the Authority's Community Choice Aggregation Implementation Plan (Implementation Plan) for submittal to the California Public Utilities Commission (CPUC), stating the Board may be requested to adopt Resolution 07-04 formally approving a modified Implementation Plan.

Patrick Mealoy, Navigant Consulting, Inc., reported on the proposed modifications to the Implementation Plan being recommended to resolve tariff related issues raised by the Investor Owned Utilities (IOUs). Mr. Mealoy stated the Authority may modify its Implementation Plan from time to time, which is not expected to affect the time line on the California Public Utilities Commission's (CPUC) certification of its receipt of the Implementation Plan, noting the Authority will maintain a current version on file with the CPUC.

Mr. Mealoy reported the recommended modifications had been developed in response to concerns raised about customer notification. As modified, the Implementation Plan now intends to provide four (4) notices describing the program and providing a mechanism for opting out of the program to all customers. There will be two (2) notices mailed to customers within sixty (60) days prior to automatic enrollment. Notices will precede each phase and two (2) additional notices will be provided to customers following enrollment. Mr. Mealoy stated customers will have sixty (60) days following enrollment to opt out without penalty of any kind.

Mr. Mealoy also reported on the modifications to the Opt Out Program which include; any customer that does not want to participate in the CCA Program may opt out up to sixty (60) days following enrollment. This information will be prominently displayed on the customer notices. The IOUs have proposed that a streamlined notification and opt out process be used for Phase 1 customers since these accounts are associated with the Authority's members and no opt outs are expected. In addition, members should identify the person responsible for their electric bills and work with KRCD to identify any accounts that are desired to remain.

Upon further discussion, it was moved by Director Pauley, City of Kingsburg, seconded by Board Vice Chair Manfredi, City of Kerman, and unanimously carried by a voice vote (voting shares: 94.97% approved, 5.03% absent, 0% opposed,) to adopt Resolution 07-04 approving the modified CCA Implementation Plan for submittal.

**NEXT MEETING DATE**

The Authority Board established May 3, 2007 at 2:00 P.M as the next meeting date and time.

**ADJOURNMENT:**

There being no further business, Board Chair Haglund adjourned the meeting at 3:25 P.M.

Respectfully submitted,

Secretary

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