

**San Joaquin Valley Power Authority
Minutes
Regular Board Meeting
June 28, 2007**

Minutes of the Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held June 28, 2007.

Authority Board Chair Thomas Haglund (City of Hanford) called the meeting to order at 2:05 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

Absent

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

Alternate Judy Bier

TULARE COUNTY

Director Lynn Gregory

Ms. Donna Pepper, Kings River Conservation District (KRCD), reported twelve (12) of the fourteen (14) Authority Member Agencies were present for a total of 62.00% voting shares under the Joint Powers Agreement (JPA). (Vote calculated as Tulare County vote shares at 0.00%.)

OTHERS PRESENT

Jeff Adolph, Pacific Gas and Electric
Scott Blaising, Braun & Blaising, P.C
Drew Cheney, California Public Utilities Commission
Hal Cypert, Tulare County
Moses Diaz, Tulare County
Paula Farris, Astone
Shannon Koontz, Pacific Gas & Electric
Jane Luckhardt, Downey, Brand, Seymour and Rohwer, LLP
Patrick Mealoy, Navigant Consulting Inc.
Anna Miller, Kings River Conservation District
Toni Munoz-Woods
David Orth, Kings River Conservation District
Donna Pepper, Kings River Conservation District
Randy Shilling, Kings River Conservation District
Brian Thoburn, Southern California Edison
Cristel Tufenkjian, Kings River Conservation District

ADDITIONS TO OR DELETIONS FROM THE AGENDA

There were no additions to or deletions from the agenda.

PUBLIC PRESENTATIONS

There were no public presentations.

APPROVAL OF MINUTES

It was moved by Director Don Pauley, City of Kingsburg, seconded by Alternate Director Rocky Rogers, City of Reedley, and approved on a voice vote (voting shares: 62.00% approved, 38.00% absent, 0% opposed) to adopt the Minutes of the May 31, 2007 Authority Board Meeting as distributed.

REPORT FROM THE DIRECTORS

Board Chair Haglund stated pursuant to Section 4.6 of the JPA, the Authority Board would consider the establishment of a limited purpose ad hoc committee for the purpose of reviewing the customer notice process as set forth in the Implementation Plan (IP). Mr. Haglund opened discussion for the establishment of such an ad hoc committee. Upon further discussion it was determined Alternate Director Robert Ford, City of Clovis, Director Don Pauley, City of Kingsburg, Director Lou Martinez, City of Parlier, Lynn Gregory, County of Tulare would serve as the ad hoc committee for the purpose intended.

There were no other Directors reports.

KINGS RIVER CONSERVATION DISTRICT REPORT

Mr. David 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 to be further discussed by representatives of Navigant Consulting Inc. (NCI), and Scott Blaising, Braun & Blaising, P.C., which included the following:

Mr. Orth reported that on May 31, 2007 the Authority Board took action to approve the inclusion of Tulare County as the fourteenth member of the San Joaquin Valley Power Authority. Mr. Orth further reported that amendment of Exhibits B, C and D of the JPA would be required to reflect changes in voting shares. The agenda for the July 26, 2007 Authority Board Meeting will include that recommended action.

Program Agreement 1: Mr. Orth reported that Program Agreement 1 (PA1) was approved by the Authority at the May 3, 2007 Regular Board Meeting and was presented in final form to the members May 4, 2007, triggering the 90 day process for review and response by each of the member agencies. Mr. Orth stated that 13 member agencies have taken action to approve PA1. Mr. Orth further stated the one remaining member, the City of Fresno, is scheduled to consider action on July 17th, 2007.

Interim Financing Program: Mr. Orth reported the Implementation Plan (IP) adopted by the Authority Board defines in part the financing of start up and implementation costs related to the CCA program. Consistent with those Plan elements, the District will be executing an Interim Financing program to fund the initial project. Mr. Orth reported further the Interim Financing will be finalized on July 3, 2007, and will provide necessary funds as the project moves forward. Mr. Orth noted that recovery of those financing costs would be addressed in the Power Services Agreement between the Authority and the District.

CCA Implementation Plan (IP): Mr. Patrick Mealoy, Navigant Consulting, Inc., reported on the proposed modifications to the IP to include Tulare County as the fourteenth member of the San Joaquin Valley Power Authority. Mr. Mealoy stated the Authority will amend its IP to reflect the inclusion of Tulare County as a member, which is not expected to affect the timeline on the California Public Utilities Commission's (CPUC) certification or delay the timing of CCA implementation.

Cost Responsibility Surcharge (CRS): Mr. Blaising reported there has been no reply from the California Public Utilities Commission (CPUC) on progress of the protest letter from KRCD on behalf of the Authority in response to the advice letters from PG&E and SCE to the CPUC.

Complaint Before the California Public Utilities Commission (CPUC): Mr. Blaising reported the San Joaquin Valley Power Authority filed a complaint with the CPUC on June 25, 2007 in opposition to Pacific Gas and Electric Company activities before prospective CCA customers. Mr. Blaising stated the complaint will be discussed in the closed session of the Board meeting.

Letter of Agreement with Citigroup Energy Inc.: Mr. Patrick Mealoy, Navigant Consulting, Inc. (NCI) reported on the status of the development of the term sheet with Citigroup and Citigroup Energy Inc., which has been identified as the entity with which KRCD would negotiate the full requirements electrical supply component of this program. A Letter of Agreement (LOA) had been developed which frames the general intent of the relationship and that LOA has been executed by the

KRCD Board of Directors. Mr. Mealoy further stated the draft term sheet is expected to be finalized by June 29, 2007.

Data Management Vendor: Mr. Mealoy reported 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 the preferred Vendor has been identified as Sempra Energy Solutions, and negotiations on final contract terms are agreed and are expected to be concluded within weeks.

Service Agreement Negotiations with PG&E and SCE: Mr. Mealoy provided a status report of the Service Agreement negotiations with PG&E and SCE. Mr. Mealoy reported the investor owned utilities (IOU) have been requested to supply a Specialized Service Agreement (SSA) which is necessary to reflect the proposed phase-in of the IP and any potential costs associated with that phase-in. Mr. Mealoy stated a Notice of Intent has been received from SCE and the process of the agreement negotiations continues.

Request For Proposals (RFP) for Renewable Energy Supply: Mr. Orth 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. Orth reported that KRCD had issued an RFP for up to 400 MW of eligible renewable resources that could be brought on-line between the years 2008-2010. Mr. Orth reported there have been over 400 MW proposed in the service areas of the Authority members and an additional 1000 MW proposed outside the service area. Mr. Orth further reported there has been a staff member dedicated to review and respond to the proposals received.

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). Mr. Orth reported that the AFC for the Parlier site was essentially complete and ready to file. Mr. Orth stated that the Board of Directors of the Selma Kingsburg Fowler Sanitation District (SKF) reinitiated discussion with the District Board regarding a proposed building site for the baseload plant next to the SKF wastewater treatment plant in Kingsburg, which is an alternative site identified in the AFC. Mr. Orth reported that the KRCD Board was committed to address Parlier wastewater treatment expansion issues as part of these discussions. Mr. Orth further stated there will be a 60 day process to consider site options before completing the AFC for the KRCD Community Power Plant and filing of the AFC with California Energy Commission.

Financial: Mr. Orth presented a SJVPA Statement of Revenues and Expenditures for the period January 1, 2007 through June 30, 2007.

Program Agreement 1 (PA1): Board Chair Haglund requested the membership to submit without delay the signatory page of the PA1 whereby the Board will then discuss at the July Authority Board Meeting, the establishment of the "Effective Date" under Program Agreement 1 and the notice of such date to all parties to the Joint Powers Agreement.

NEXT MEETING DATE

The Authority Board established July 26, 2007 at 2:00 P.M. as the next meeting of the Board.

CLOSED SESSION

Pursuant to Government Code Section 54956.9 (b), the Authority Board adjourned to Closed Session to confer with Legal Counsel on threatened or anticipated litigation, related to proceedings before the California Public Utilities Commission related to the Authority's Community Choice Aggregation Implementation Plan.

RECONVENE TO OPEN SESSION

The Board reconvened into Open Session at 2:43 P.M. Board Chair Haglund disclosed that the Board met in closed session with legal counsel and that no action was taken in closed session.

ADJOURNMENT:

There being no further business, Board Chair Haglund adjourned the meeting at 2:45 P.M.

Respectfully submitted,

Secretary

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