

**San Joaquin Valley Power Authority
Minutes
Regular Board Meeting
August 23, 2007**

Minutes of the Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held August 23, 2007.

Authority Board Chair Thomas Haglund (City of Hanford) called the meeting to order at 2:07 PM.

ROLL CALL

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

MEMBERS PRESENT

CITY OF CLOVIS

Absent

CITY OF CORCORAN

Director Ron Hoggard

CITY OF DINUBA

Alternate Director Dan Meinert

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 Director: Judy Bier

TULARE COUNTY

Director Lynn Gregory (arrived 2:20pm after roll call)

Ms. Donna Pepper, Kings River Conservation District (District), reported twelve (12) of the thirteen (13) Authority Member Agencies were present for a total of 65.02% voting shares under the Joint Powers Agreement (JPA).

OTHERS PRESENT

Jeff Adolph, Pacific Gas and Electric Company
Bill Barnes, Cleantech America, LLC
Scott Blaising, Braun & Blaising, P.C
Stephen Chan, Suntech America
Drew Cheney, California Public Utilities Commission
John Dalessi, Navigant Consulting Inc.
Moses Diaz, Tulare County
Shannon Koontz, Pacific Gas & Electric Company
Jane Luckhardt, Downey, Brand, Seymour and Rohwer, LLP
Mark McKean, Kings River Conservation District
Patrick Mealoy, Navigant Consulting Inc.
Anna Miller, Kings River Conservation District
John Nelson, Pacific Gas & Electric Company
David Orth, Kings River Conservation District
Donna Pepper, Kings River Conservation District
Diane Ruble, Kings River Conservation District
Randy Shilling, Kings River Conservation District
Brian Thoburn, Southern California Edison
Cristel Tufenkjian, Kings River Conservation District
Michelle Wyatt, Madrid Salazar Marketing

ADDITIONS TO OR DELETIONS FROM THE AGENDA

There were no additions to or deletions from the agenda.

CONSENT CALENDAR

It was moved by Alternate Director Rocky Rogers, City of Reedley, seconded by Director Ron Manfredi, City of Kerman, and approved on a voice vote (voting shares: 65.02% approved, 34.98% absent, 0% opposed) to adopt the Consent Calendar which included Monthly Financial Statements, Initial Independent Audit, and Revised Exhibits B, C & D to the Joint Powers Agreement.

PUBLIC PRESENTATIONS

Mr. Bill Barnes, CEO, Cleantech America LLC, introduced himself and congratulated the District and the Authority on creating the Community Choice Program. Mr. Barnes stated the goal of Cleantech is to provide options for developing eligible renewable resources, specifically photovoltaic solar, which could assist the Authority in meeting its RPS requirements. Mr. Barnes then introduced Stephen Chan, Chief Strategy Officer, Suntech America, who stated Suntech America is a leading solar modular panel manufacturer who is very eager to work with the District and the Authority. Mr. Chan stated Suntech has an established track record of delivering consistently high quality solar in a cost effective and timely manner.

Mr. John Nelson, PG&E, introduced himself and stated PG&E has supported the concept of communities taking responsibility for generation needs, and thinks the concept is a good one that could work. Mr. Nelson further stated PG&E and the Authority have to work together because of sharing customers at the basic level of operation, sharing information about them, and are pledging to cooperate throughout the process. Mr. Nelson urged the Authority to secure independent review of the CCA Program and Full Requirements Energy Supply Contract.

APPROVAL OF MINUTES

It was moved by Director John Tyler, City of Lemoore, seconded by Alternate Director Rocky Rogers, City of Reedley, and approved on a voice vote (voting shares: 88.65% approved, 11.35% absent, 0% opposed) to adopt the Minutes of the July 26, 2007 Authority Board Meeting as distributed. (Director Gregory, Tulare County arrived at 2:20pm in time for vote)

REPORT FROM THE DIRECTORS

Director John Tyler, City of Lemoore, reported as the Authority representative in the San Joaquin Valley Clean Energy Organization (SJVCEO) the first meeting is scheduled for September. Mr. Tyler further reported the SJVCEO intends to help the Valley address its economic, environmental, and growth challenges through increased use and reliance on clean energy.

There were no other Directors reports.

KINGS RIVER CONSERVATION DISTRICT REPORT

Mr. David Orth, Kings River Conservation District (District), provided a status report on various activities the District 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:

CCA Implementation Plan (IP): Mr. Scott Blaising, Braun & Blaising, reported on the proposed modifications and revisions to the SJVPA Community Choice Implementation Plan. Mr. Blaising stated there will be further discussion time presented in the agenda where the Board will review and may authorize the filing of such revised Plan with the CPUC.

Insurance or Bonding: Mr. Blaising reported under CCA law and regulation, insurance or a bond must be posted sufficient to cover the full cost of re-entry to the IOU should CCA ever fail to meet its obligations. Mr. Blaising stated the same provision applies to the Energy Service Provider (ESP) and we hope to use the language from the ESP provision as a model for the CCA. Mr. Blaising further stated the scope of the insurance or bond will be decided by the Energy Commission.

Cost Responsibility Surcharge (CRS): Mr. Blaising reported there has been no decision on a draft resolution from the California Public Utilities Commission (CPUC) on the CRS tariff. Mr. Blaising stated there should be no delay of the Implementation Plan.

Comments to the CPUC: Mr. Blaising stated that comments are an ongoing process at the CPUC. Mr. Blaising further stated the Administrative Law Judge (ALJ) who oversees the CCA proceedings has asked for comments on two issues. Mr. Blaising reported one issue is whether the review by the Advisor of Customer Notices is mandatory or voluntary and at the option of the Authority, the ALJ ruled a review by the Advisor of Customer Notices is voluntary. Mr. Blaising reported further the Authority observes the review of notices as a benefit and has stated such in the comments filed with the CPUC. Mr. Blaising reported the second issue is the flexibility of the Binding Notice of Intent which establishes the vintage of electricity customers and the advance notice requirement of 12 months. Mr. Blaising stated comments filed request a shorter length of time.

Agreement with Citigroup Energy Inc.: Mr. Patrick Mealoy reported the term sheet and agreement with Citigroup and Citigroup Energy Inc., is being finalized by legal counsel at this time.

Data Management Vendor: Mr. Mealoy reported negotiations on final contract terms with Sempra Energy Solutions are agreed and are expected to be concluded within weeks. Mr. Mealoy stated an Addendum regarding the inclusion of Tulare County and the exclusion of the City of Fresno has been executed to reflect the change.

Resource Development: Mr. Orth stated he continues to be energized by the interest shown by the renewable energy marketplace. Mr. Orth reported District staff continues to examine proposals of eligible renewable resources that could be brought on-line between the years 2008-2010. Mr. Orth reported further that small hydro projects and a large solar project are being closely examined.

Application For Certification (AFC): Mr. Orth reported District staff is continuing necessary work to complete the Application For Certification for the KRCD Community Power Plant. Mr. Orth further reported discussions regarding a proposed building site for the baseload plant are being considered before completing the AFC for filing with the California Energy Commission.

Rate Information and Data Request: Mr. Orth directed the Board to a letter from Mr. David E. Rubin, PG&E, which was in reply to a request for data regarding PG&E unbundled generation rates. Mr. Orth also directed the Board to the response letter from John Dalessi, NCI, reviewing the information which was provided by PG&E in that letter.

Rate Structuring: Mr. John Dalessi, NCI presented an overview of the basic issues of rate structure the Authority will need to consider for the CCA program. Mr. Dalessi reported the Authority's rate structure will need to address the number of rates offered, and types of charges such as energy user type, demand, etc. Mr. Dalessi further reported the Authority should establish its initial rates prior to providing opt-out notices to customers, and that the Board may wish to establish an Ad hoc Rates Structuring Committee and/or conduct workshops to work through rates issues prior to approval.

Chair Haglund opened discussion to formally establish an Ad hoc Rate Structuring Committee.

Upon further discussion, to establish the Ad hoc Rate Structuring Committee to include Board Chair Haglund, City of Hanford, Director Don Pauley, City of Kingsburg, Alternate Director Rocky Rogers, City of Reedley, Director Lynn Gregory, County of Tulare, and Alternate Director Robert Ford, City of Clovis.

Financial: Mr. Orth presented a SJVPA Statement of Revenues and Expenditures for the period January 1, 2007 through August 31, 2007.

RESOLUTION NO. 07-06

Board Chair Haglund requested discussion from Board members regarding adoption of Resolution 07-06 which affirms the Authority's commitment to pursue local renewable generation projects and achieve at least a twenty percent (20%) renewable generation mix as soon as economically and technically feasible, and to develop projects that provide regional air quality benefits.

Upon further discussion, it was moved by Director Ron Manfredi, seconded by Alternate Director Dan Meinert, City of Dinuba, approved on a roll call vote (voting shares: 88.65% approved, 11.35% absent, 0% opposed) to approve Resolution 07-06 a commitment to local renewable generation projects and to improving local air quality.

RESOLUTION 07-07

The Authority Board considered action to approve revisions and modifications to the SJVPA Community Choice Implementation Plan and authorize the filing of such revised Plan with the CPUC in February 2008. The revisions and modifications primarily reflect changes in membership and updated cash flows.

Upon discussion, it was moved by Alternate Director Rocky Rogers, City of Reedley, seconded by Alternate Director Judy Bier, City of Selma, approved on a roll call vote (voting shares: 88.65% approved, 11.35% absent, 0% opposed) to adopt Resolution 07-07 approving revisions and modifications to the SJVPA Community Choice Implementation Plan and authorize the filing of such revised Plan.

NEXT MEETING DATE

The Authority Board established September 27, 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 at 3:35 P.M. 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 4:03 P.M. General Counsel Jane Luckhardt disclosed the Board met in closed session and received an update on the complaint proceeding C.07-06-025; Complaint of SJVPA against PG&E, the Board also discussed the application proceeding A.07-08-004; SCE Energy Resource Recovery Account Application (ERRA) and the Board approved participation in the ERRA proceeding.

ADJOURNMENT:

There being no further business, Board Chair Haglund adjourned the meeting at 4:07 P.M.

Respectfully submitted,

Secretary

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