

**San Joaquin Valley Power Authority
Minutes
Special Board Meeting
October 15, 2007**

Minutes of the Special Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held October 15, 2007.

Authority Board Chair Thomas Haglund, City of Hanford, called the meeting to order at 2:09 p.m.

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 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

Alternate Director Jeff Britz

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 Jean Rousseau

Margaret Clayton, Kings River Conservation District (KRCD), reported twelve (12) of the thirteen (13) Authority Member Agencies were present for a total of 94.44% voting shares under the Joint Powers Agreement (JPA).

OTHERS PRESENT

Jill Arello, JP
Scott Blaising, Braun & Blaising, P.C.
Margaret Clayton, Kings River Conservation District
John Dalessi, Navigant Consulting Inc.
Paula Farris, Astone
Al Galvez, Pacific Gas & Electric Company
Gary Hanson, Pacific Gas & Electric Company
Melissa Hunter, Kings River Conservation District
Riley Jones, GWF Power Systems
Kherstin Khan-Brockbank, Kings River Conservation District
Shannon Koontz, Pacific Gas & Electric Company
Jane Luckhardt, Downey, Brand, Seymour and Rohwer, LLP
Patrick Mealoy, Navigant Consulting Inc.
Toni Munoz-Woods, Kings River Conservation District
David Orth, Kings River Conservation District
Donna Pepper, Kings River Conservation District
Jane Quebe, JP
Randy Shilling, Kings River Conservation District
Brian Thoburn, Southern California Edison
Brian Trevarrow, Kings River Conservation District
Cristel Tufenkjian, Kings River Conservation District

ADDITIONS TO OR DELETIONS FROM THE AGENDA

There were no additions to or deletions from the agenda.

CONSENT CALENDAR

It was moved by Director Don Pauley, City of Kingsburg, seconded by Director Lou Martinez, City of Parlier, and approved on a voice vote (voting shares: 94.44% approved, 5.56% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the month ending August 31, 2007.

PUBLIC PRESENTATIONS

There were no public presentations.

APPROVAL OF MINUTES

It was moved by Director Ron Manfredi, City of Kerman, seconded by Alternate Director Robert Ford, City of Clovis, and approved on a voice vote (voting shares: 94.44% approved, 5.56% absent, 0% opposed) to adopt the Minutes of the August 23, 2007 Authority Board Meeting as distributed.

REPORT FROM THE DIRECTORS

Director Ron Manfredi, City of Kerman, reported on a recent CPUC ruling regarding the order against PG&E to refund customers \$35,000,000 for violating billing rules. Director Manfredi reminded the Board of PG&E's assurances that they would work cooperatively with the Power Authority. In that regard, Mr. Manfredi asked Mr. Orth if he could include the status of PG&E's

cooperation in his monthly report to the Board. Mr. Orth consented to provide that information.

Director Larry Spikes, Kings County, reported on a recent meeting with CAISO representatives, who provided positive comments about the goals and objectives of the Power Authority.

REPORT FROM COMMITTEES

Alternate Director Robert Ford, City of Clovis, gave a brief report on the ad hoc Communications Committee. Cristel Tufenkjian, KRCD, provided an overview of the current media campaign and showed the television and radio advertisements introducing the Community Choice concept to the public. The public is also encouraged to visit the website, which has been revised to offer more information.

KINGS RIVER CONSERVATION DISTRICT REPORT

CCA Implementation Plan (IP): John Dalessi, NCI, reported the CPUC recertified the August 2007 IP. SCE submitted their comments on the revised IP in a letter dated September 26, 2007, noting the tariff issues they had with the original IP appear to have been addressed. Mr. Dalessi went through the remaining written comments raised by SCE.

Cost Responsibility Surcharge Protest: Mr. Blaising reported that the Energy Division of the Public Utilities Commission is currently drafting a Resolution to address the Protest. A draft should be received in time to review and to meet the deadline set forth in the IP.

CPUC Regarding Registration Packet: Mr. Blaising provided an update on the issues relating to the Registration Packet filed with the CPUC, specifically service agreements with utilities and security deposits.

Service Agreement with IOU's: Mr. Blaising reported that the service agreements for the most part are completed and acceptable to the Power Authority, except for the issue of joint and several liability which would require further discussion with the CPUC.

Agreement with Citigroup Energy Inc.: Mr. Orth said work on the agreement with Citigroup and Citigroup Energy Inc. is continuing and he is hopeful that documents may be available by the end of the month.

Resource Development: Mr. Orth stated he continues to examine proposals of eligible renewable resources and other projects that are currently being developed. Also he reported that in September, KRCD filed the Application for Certification for a Base Load Generation facility at the Parlier location. Director Don Pauley, City of Kingsburg asked specifically what types of renewables KRCD is considering. Mr. Orth stated primary sources include large scale solar, a non-local wind project, and biomass projects in Tulare County.

RESPONSE TO KINGS COUNTY GRAND JURY REPORT

It was moved by Alternate Director Rocky Rogers, City of Reedley, seconded by Director Lou Martinez, City of Parlier, and approved on a voice vote (voting shares: 94.44% approved, 5.56% absent, 0% opposed) to ratify filing the response to the Grand Jury Report (Penal Code Section 933(c)).

APPROVAL OF PRELIMINARY RATE SCHEDULE - RESOLUTION NO. 07-08

Board Chair Haglund explained that since agenda items 10 and 14 both relate to rates, they would be combined.

On behalf of the ad hoc Rates Structuring Committee, Director Don Pauley, City of Kingsburg, provided a brief introduction of the Preliminary Rate Schedule. Mr. Dalessi, NCI, gave a presentation on the Preliminary Rate Schedule.

Board Chair Haglund called for public comments on this agenda item. Gary Hanson, Account Services Manager, Fresno, Tulare, Kings County area for PG&E made a brief statement. Mr. Hansen commented there had not been adequate time for public review and suggested a delay in approving the documents and resolutions being presented today.

Board Chair Haglund asked for and received the consensus of the Board for the ad hoc Notification Committee to meet and discuss public notification of the rates and other information.

Mr. Orth, KRCD, described how the Rate Setting Policy was established and briefly described each item. The Policy will basically provide direction and guidance in the development of generation rates. It also restates the objectives and policies set forth in the IP, specifically competitiveness, stability, predictability, equity and stability.

Board Chair Haglund requested discussion from Board members regarding approval of Resolution 07-08. After further discussion, it was clear that the initial Rate Schedule is Preliminary, with modifications possible when final rates become available from the other utilities.

It was moved by Alternate Director Robert Ford, City of Clovis, seconded by Director Ron Hoggard, City of Corcoran, approved on a roll call vote (voting shares: 94.44% approved, 5.56% absent, 0% opposed) to approve Resolution 07-08 Preliminary Rate Schedule, including the Rate Setting Policy.

APPROVAL OF FISCAL YEAR 2007-08 BUDGET - RESOLUTION 07-09

Randy Shilling, KRCD, provided an overview of the 2007-08 Budget. Mr. Shilling and Mr. Orth answered questions and provided clarification.

Upon discussion, it was moved by Director Don Pauley, City of Kingsburg, seconded by Director Larry Spikes, County of Kings, and approved on a roll call vote (voting shares: 94.44% approved, 5.56% absent, 0% opposed) to adopt Resolution 07-09 approving the Fiscal Year 2007-08 Budget.

APPROVAL OF POWER SERVICES AGREEMENT - RESOLUTION 07-10

The Authority Board considered an action to approve the Power Services Agreement.

Board Chair Haglund called for public comments on this agenda item. Al Galvez, PG&E, asked for clarification of when profitability may occur. Gary Hanson, PG&E, made a brief statement. Mr. Hanson had concerns that the PSA was not provided to the public with adequate time for review and suggested delaying taking action on this item.

Upon discussion, it was moved by Director Larry Spikes, County of Kings, seconded by Alternate Director Rocky Rogers, City of Reedley, and approved on a roll call vote (voting shares: 70.81% approved, 5.56% absent, 23.63% opposed) to adopt Resolution 07-10 approving the Power

Services Agreement.

COMMENCEMENT NOTICE - RESOLUTION 07-11

The Authority Board considered an action to approve the Commencement Notice.

Board Chair Haglund called for public comment on this agenda item. Gary Hansen, PG&E, provided a written handout to the Board Chair summarizing the concerns of PG&E on this item and others previously considered on the agenda.

Upon discussion, it was moved by Director Ron Hoggard, City of Corcoran, seconded by Alternate Director Judy Bier, City of Selma, and approved on a roll call vote (voting shares: 70.81% approved, 5.56% absent, 23.63% opposed) to adopt Resolution 07-11 approving the Commencement Notice.

NEXT MEETING DATE

The Authority Board established October 25, 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 4:53 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 5:08 p.m. General Counsel Jane Luckhardt disclosed the Board met in closed session and received an update on proceeding A.07-08-004 wherein the Board learned the issue of concern to the Authority has been addressed in the Oct. 4, 2007 scoping memo; and on proceeding C.07-06-025, the Board received an updated on that proceeding.

ADJOURNMENT

There being no further business, Board Chair Haglund adjourned the meeting at 5:09 p.m.

Respectfully submitted,

Secretary

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