

**San Joaquin Valley Power Authority  
Minutes  
Regular Board Meeting  
January 24, 2008**

Minutes of the January Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held January 24, 2008.

Authority Board Chair Thomas Haglund, City of Hanford, called the meeting to order at 2:01 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

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

Alternate Director Jarrell Prichard

CITY OF PARLIER

Director Lou Martinez

CITY OF REEDLEY

Absent

CITY OF SANGER

Alternate Director John Mulligan

CITY OF SELMA

Alternate Director Judy Bier

TULARE COUNTY

Absent

Margaret Clayton, Kings River Conservation District (KRCD), reported ten (10) of the thirteen (13) Authority Member Agencies were present for a total of 66.35% voting shares under the Joint Powers Agreement (JPA). Ron Manfredi, City of Kerman arrived at 2:02 p.m. after the roll, bringing the number of Authority Members present to 11 for a total of 70.83% voting shares.

## **OTHERS PRESENT**

Jeff Adolph, Pacific Gas & Electric Company  
Lisa Bischel, Madrid Salazar PR & Marketing  
Scott Blaising, Braun & Blaising, P.C.  
Margaret Clayton, Kings River Conservation District  
Shannon Koontz, Pacific Gas & Electric Company  
Jane Luckhardt, Downey, Brand LLP  
Mark McKean, Kings River Conservation District  
Patrick Mealoy, Navigant Consulting Inc.  
Toni Munoz-Woods, Kings River Conservation District  
David Orth, 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 Alternate Director Robert Ford, City of Clovis, and approved on a voice vote (voting shares: 70.83% approved, 29.17% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the month ending December 31, 2007.

## **PUBLIC PRESENTATIONS**

There were no public presentations.

## **APPROVAL OF MINUTES**

It was moved by Director Ron Hoggard, City of Corcoran, seconded by Director Ron Manfredi, City of Kerman, and approved on a voice vote (voting shares: 70.83% approved, 29.17% absent, 0% opposed) to adopt the Minutes of the December 6, 2007 Authority Rescheduled November Regular Board Meeting as presented.

## **REPORT FROM THE DIRECTORS**

Director Pauley, City of Kingsburg, told of a recent Kingsburg City Council meeting at which a resident of the central valley presented a proposal promoting development of distributed renewable projects for the City. In addition, a distributed solar provider working in California made a presentation. These same proposals were also presented to the Sanger City Council last week. David Orth, General Manager of KRCD, attended the meetings to brief both Councils on what the Authority and KRCD are doing in the area of solar and distributed energy projects. Director Pauley further reported that last week Commissioner Peavy of the CPUC issued a draft Decision allowing Community Choice Aggregation (CCA) programs to implement a net metering program. Director Pauley suggested that KRCD and an Authority ad hoc committee develop a process to identify qualified vendors of distributed renewable energy projects and draft an implementation strategy for the Board. The Board members voiced their agreement with the suggestion and Mr. Orth offered his and KRCD's support to work with members of the Authority on this project. Director Pauley and

Alternate Director Judy Bier, City of Selma, volunteered to serve on the new ad hoc Net Metering Committee.

Director Manfredi, City of Kerman, reported he had met with representatives of the Gill Ranch Natural Gas Project who will appear at the City Council meetings of Kerman and Mendota in the future to explain their plan for a natural gas storage facility and pipeline along I-5 in Fresno County.

Alternate Director Judy Bier, City of Selma, stated that although the City of Selma supports the Community Power Plant project, it is not supportive of the proposed location.

## **KINGS RIVER CONSERVATION DISTRICT REPORT**

David Orth, General Manager of KRCD, turned the Regulatory Update over to Scott Blaising.

### Regulatory Update:

Net Energy Metering: Scott Blaising, Braun and Blaising, provided a report on CPUC Commissioner Peevy's proposed Decision on net energy metering issued January 15, 2008. This Decision will extend net energy metering programs to CCAs. Supportive comments will be filed with the CPUC by Mr. Blaising on behalf of the Authority by the due date of February 4, 2008. Mr. Blaising reported that he believed the Commission is likely to act on the Decision in mid-February without much modification.

Miscellaneous CCA Issues: Mr. Blaising indicated he will file comments of support on February 4, 2008, to Administrative Law Judge (ALJ) Kim Malcolm's preliminary ruling on three matters. :

- (1) The role of the Commission's public advisors and the IOUs' assertion that the advisors were "required" to look at the CCA notices. The proposed Decision agrees with CCA that a review of the Notices is optional.
- (2) Clarification to the Binding Notice of Intent and certain modifications to the Notice that would be allowed.
- (3) A determination that the Security Bond should not include forecasting risks.

Petition to Modify – Joint and Several Liability: Mr. Blaising provided a brief description of the Authority's filing of a Petition to Modify a previous CPUC Resolution in order to address the joint and several liability reference in the IOU service agreements. Mr. Blaising reported that this issue would be discussed further during Closed Session.

PG&E Filed an Application for Rehearing – Mr. Blaising reported that PG&E had filed an application for rehearing, essentially an Appeal of Resolution E-4133 on the recent CPUC decision to establish the interim security bond amount at \$100,000. Blaising reported that this issue would be discussed further during Closed Session.

PG&E Energy Resource Recovery Account (ERRA) Mr. Blaising reported that PG&E filed an action to recover additional generation costs with the CPUC on January 23, 2008. Mr. Blaising indicated Patrick Mealoy, Navigant Consulting, will provide a report on this during Agenda Item 9. Mr. Blaising also reported that this filing will be discussed in Closed Session.

Status of Agreements: Mr. Orth continued with his report, stating that the Electric Supply Agreement continues to be negotiated with Citigroup Energy Inc. Mr. Orth stated that the KRCD ad hoc Power Committee has met several times and provided guidance. The Agreement was presented to the Authority ad hoc Contracts Committee and Legal Counsel in December for review and input. Mr. Orth reported that a draft of the Agreement should be available for presentation to the Authority in February.

Mr. Orth reported that Service Agreements with the IOUs will not be executed until the joint and several liability issue is resolved. Mr. Orth stated that KRCD staff met last week with both of the IOUs relating to data transfer and management, testing and the development process. A few details with respect to timelines, notices, and opt-out need to be worked out.

Resource Development:

Baseload Project: Mr. Orth reported that the California Energy Commission (CEC) initiated its review process for the development of the Certification holding its first site visit in Parlier on Jan. 14, 2008. The CEC accepted public comments ranging from air and water quality to impact on local land values and quality of life. Positive comments on the Authority's behalf were provided by the Air Pollution Quality Control District representative and Lou Martinez, City of Parlier. Mr. Orth reported that questions and concerns were presented from about 14 concerned citizens and representatives. Other site visits and field hearings will be scheduled, as well as data requests of KRCD staff during this 12 month process. Orth reported that the KRCD Board will decide in the future, based on conditions of the permit if granted by the CEC, whether they wish to enter into the finance and construction phase, and the Authority Board will decide whether to incorporate the output from that project.

Director Manfredi, City of Kerman, asked for information about other gas-fired power plants proposed recently in our area. Patrick Mealoy, Navigant, responded, providing information about the Panoche, Bullard and other projects in the area. Mr. Manfredi also requested clarification of the benefit to the City of Parlier by use of the City's treated waste water to cool the Community Power plant. Mr. Orth confirmed this point and stated that another benefit of using Parlier waste water is that 1500 tons of nitrates will be kept out of the groundwater table each year.

Renewable Projects: Mr. Orth stated KRCD staff continues to negotiate with Clean Tech America to develop agreements to support construction of an 80 megawatt solar facility to potentially serve the SJVPA program.

Status of IOU Cooperation: Mr. Orth reported that many of the topics are relevant to the SJVPA Complaint filed with the CPUC and are being deferred to Closed Session.

## **TULARE COUNTY WITHDRAWAL**

Tulare County provided a notice of withdrawal from the San Joaquin Valley Power Authority (SJVPA) on December 14, 2007. As detailed in the response dated December 19, 2007, to Tulare County from KRCD, as agent to the SJVPA, the effective date of such withdrawal from the SJVPA is July 1, 2008, and the effective date of withdrawal from Program Agreement No. 1 (which provides for participation in the CCA Program) is June 14, 2008.

Director Manfredi, City of Kerman, stated he supported a waiver of the six month notice requirement in this instance provided that it was clear that such waiver was non-precedent setting and

based on fact that the CCA Program had not yet incurred financial commitments. The Authority members agreed and Director Manfredi asked general counsel to prepare a Resolution for approval at the next regular meeting.

It was moved by Director Pauley, City of Kingsburg, seconded by Director Manfredi, City of Kerman, and approved on a voice vote (voting shares: 70.83% approved, 29.17% absent, 0% opposed) to waive the six months written notice requirement permitting Tulare County to withdraw from the Authority effective immediately. A Resolution will be prepared for adoption at the next regular meeting.

### **PRELIMINARY 2008 RATE SCHEDULE**

Resolution 07-08, adopted by the SJVPA Board on October 15, 2007, approved the Preliminary 2008 Rate Schedule (Schedule) and directed the ad hoc Rates Committee to (a) reevaluate the Schedule when the utility distribution companies receive final approval for their 2008 rates; (b) provide a report to the Authority's Board of Directors regarding whether the Authority should adjust its rates, and (c) if needed, propose new rates for consideration by the Authority's Board of Directors if the Preliminary 2008 Rate Schedule no longer achieves a discount of 5 percent from comparable generation-related rates under the respective utility distribution company's otherwise applicable tariff.

PG&E and SCE have each received final approval for their 2008 rates from the CPUC. These rates are changed from the estimated rates provided in 2007 by PG&E and SCE upon which the Authority's Preliminary 2008 Rate Schedule was prepared. Additional review and adjustment of the Preliminary 2008 Rate Schedule is required.

Patrick Mealoy, Navigant, reported that PG&E recently filed with the CPUC for a 6.8% rate increase to be effective May 1, 2008, potentially offset by other adjustments being pursued by PG&E. Mr. Orth reported that Resolution 07-08 recognized this possibility and set forth a process to involve the ad hoc Rates Committee to review and consider adjustments to the 2008 Rate schedule for consideration by the Authority Board. Orth reported further that after the CPUC rules on the PG&E request, the Authority will set 2008 rates that will be at least 5% less than the then current rate schedule for generation established by the IOUs.

### **PROGRAM PHASE-IN**

Mr. Orth reported that it is necessary to push back the anticipated start date from February 1, 2008, as reflected in the CPUC approved SJVPA CCA Implementation Plan due to several factors, including the critical issue of joint and several liability still to be decided by the CPUC. Mr. Orth stated that until that matter is resolved, the service agreements with the IOUs cannot be executed, which delays the start date, and the phase in schedule. Orth further reported that development of a new implementation schedule is not possible until these issues are resolved.

It was moved by Director Pauley, City of Kingsburg, seconded by Alternate Director Bier, City of Selma, and approved on a voice vote (voting shares: 70.83% approved, 29.17% absent, 0% opposed) to authorize the Chair to notify the CPUC staff of the temporary postponement of the February 1, 2008 Phase I start date until completion of all necessary implementing agreements can be achieved.

### **NEXT MEETING DATE**

The Authority Board established February 28, 2008 at 2:00 p.m. as the next regular meeting

of the Board.

**CLOSED SESSION**

Pursuant to Government Code Sections 54956.9 (a) and (c), the Authority Board adjourned to Closed Session at 3:08 p.m. to confer with Legal Counsel on case C.07-06-025 Complaint of the Power Authority against PG&E, and regulatory matters requiring litigation before the CPUC.

**RECONVENE TO OPEN SESSION**

The Board reconvened into Open Session at 4:45 p.m. General Counsel Jane Luckhardt disclosed the Board met in Closed Session, that Dan Carroll of Downey Brand participated by telephone, and that the matters stated on the agenda were discussed and direction provided to staff and counsel with respect to those matters.

**ADJOURNMENT**

There being no further business, Board Chair Haglund adjourned the meeting at 4:46 p.m.

Respectfully submitted,

Secretary

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