

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

Minutes of the April Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held April 24, 2008, at Kings County Government Center, Hanford, California.

Authority Board Chair Thomas Haglund, City of Hanford, called the meeting to order at 4:10 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, arrived at 4:20 p.m. (after roll call)

CITY OF CORCORAN

Absent

CITY OF DINUBA

Absent

CITY OF HANFORD

Director Thomas J. Haglund

CITY OF KERMAN

Director Ron Manfredi, arrived at 4:25 p.m. (after roll call)

CITY OF KINGSBURG

Director Don Pauley

KINGS COUNTY

Alternate Director Deb West

CITY OF LEMOORE

Director Jeff Briltz

CITY OF PARLIER

Director Lou Martinez, arrived at 4:12 p.m. (after roll call)

CITY OF REEDLEY

Alternate Director Rocky Rogers

CITY OF SANGER

Absent

CITY OF SELMA

Alternate Director Judy Bier

Margaret Clayton, Kings River Conservation District (KRCD), reported six (6) of the twelve (12) Authority Member Agencies were present for a total of 52.42% voting shares (adjusted at 4:25 p.m. to nine (9) Authority Member Agencies present for a total of 79.42% voting shares) under the Joint Powers Agreement (JPA).

**OTHERS PRESENT**

Jeff Adolph, Pacific Gas & Electric  
Don Bier  
Lisa Bischel, Madrid Salazar PR & Marketing  
Scott Blaising, Braun Blaising McLaughlin, P.C.  
Dan Carroll, Downey, Brand LLP  
Margaret Clayton, Kings River Conservation District  
John Dalessi, Navigant Consulting Inc.  
Paula Farris, Astone  
Brent Graham, Kings River Conservation District  
Don Johnson, Kings River Conservation District  
Patrick Mealoy, Navigant Consulting Inc.  
John Nelson, Pacific Gas & Electric  
David Orth, 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.

### **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: 52.42% approved, 47.58% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the month ending March 31, 2008.

### **PUBLIC COMMENTS**

There were no public comments.

### **APPROVAL OF MINUTES**

It was moved by Alternate Director Rocky Rogers, City of Reedley, seconded by Alternate Director Judy Bier, City of Selma, and approved on a voice vote (voting shares: 52.42% approved, 47.58% absent, 0% opposed) to adopt the Minutes of the March 27, 2008 Authority Regular Board Meeting as presented.

### **REPORT FROM THE DIRECTORS**

Director Pauley recognized Chair Thomas Haglund acknowledging appreciation for his friendship and leadership as Chair of the Authority in pursuit of the State's first Community Choice program. Several other Authority members echoed agreement.

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

David Orth, General Manager of KRCD, reported that the Executive Committee of the Authority held Special meetings on April 4<sup>th</sup> and April 7<sup>th</sup> to discuss issues related to the settlement discussions between the Authority and PG&E (pertaining to California Public Utilities Commission (CPUC) Case No. 07-06-075, *San Joaquin Valley Power Authority v Pacific Gas and Electric*

Company), at which time the Committee provided guidance to the Settlement team. No other action was taken at those meetings.

## **KINGS RIVER CONSERVATION DISTRICT REPORT**

David Orth reported that on April 10<sup>th</sup>, Chair Haglund executed the Settlement Agreement with PG&E in the above-referenced matter, and a Joint Motion between the parties has been filed with the CPUC. Mr. Orth reported that the Settlement Agreements would be discussed further during Closed Session. Mr. Orth also informed the Board that on April 21<sup>st</sup> he attended the Clovis City Council meeting at which the Council affirmed their support of the Electric Supply Agreement and the Community Choice Program. Mr. Orth further stated that he recently spoke at the Municipal Finance Conference providing an update on progress during the last year.

Mr. Orth turned the Regulatory Update over to Special Counsel Scott Blaising.

### Regulatory Update:

Petition for Modification - Joint and Several Liability – Scott Blaising, Braun Blaising McLaughlin, P.C. reported that on April 24, 2008, the CPUC made final the proposed Decision authored by Administrative Law Judge Malcolm after making minor revisions to the Decision. The Decision finds that Section 20 of the Utility Service Agreement conflicts with California law that allows local governments discretion to have joint powers agencies established and be responsible for their own liabilities and directs the Utilities to delete Section 20 from the Service Agreement.

SCE's Proposal to Change its Residential Tiered Rate Structure – Mr. Blaising stated that a prehearing conference on this matter would be conducted by the CPUC next week, after which the CPUC will provide procedural guidance on how it plans to resolve matters in this case.

Rulemaking – Mr. Blaising reported on the Investor Owned Utilities (IOUs) long-term procurement plan.

Status of Agreements: Mr. Orth continued with his report, stating that the Electric Supply Agreement will be discussed later in the public hearing portion of this meeting.

### Resource Development:

Renewable Projects: Mr. Orth said he and KRCD staff are exploring feasibility of a proposed biomass project for up to 20 megawatt of base load capacity for the Community Choice Program. Orth also reported that the ad hoc Net Metering Committee met in April to discuss how the Authority can develop a net metering program for future Community Choice customers. The ad hoc Net Metering Committee will also provide background on the feed-in tariffs. Orth further reported that negotiations continue with Clean Tech on the 80 megawatt solar facility project. Mr. Orth said that when the KRCD Board determines the project is acceptable, the agreements will be presented to the Authority Board for consideration pursuant to the terms and conditions of the Power Supply Agreement.

Mr. Orth announced that in early June, a public document will be available with regard to the Internal Revenue Service's private letter ruling regarding the proposed financing of electricity obligations by the Kings River Conservation District Public Financing Authority.

Status of Other CCA Programs: Mr. Orth reported he and Cristel Tufenkjian appeared before the Marin County Board of Supervisors in April to provide background of the Authority's Community Choice Program. Mr. Orth shared some of the obstacles as well as successes, including the recent signing of the Settlement Agreement in the Complaint Case the Authority filed with the CPUC against PG&E. Mr. Orth stated that Marin County is very interested in the Authority's experiences. Mr. Orth explained that he believes the time spent speaking to the Marin County people is well spent due to the importance of building relationships with other CCAs.

Ron Manfredi, City of Kerman, acknowledged KRCD and its staff for guiding the Authority along in the process of creating the CCA program, and encouraged the other City Managers on the Authority Board to take the time to share their experiences and knowledge with the Marin County representatives and others when they call.

### **NEXT MEETING DATE**

The Authority Board established May 22, 2008 at 2:00 p.m. for the next regular meeting of the Board at KRCD. Director Pauley requested an agenda item to select a new Chair of the Authority at that meeting.

### **CLOSED SESSION**

Pursuant to Government Code Sections 54956.9 (a) and (c), the Authority Board adjourned to Closed Session at 5:04 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.

### **RECESS**

At 5:47 p.m. Chair Haglund called for a brief recess before the start of the Public Hearing.

### **RECONVENE TO OPEN SESSION**

The Board reconvened into Open Session at 6:03 p.m. Dan Carroll, Downey Brand LLP disclosed the Board met in Closed Session, an update was provided on matters stated on the agenda, and discussion and direction provided to staff and counsel with respect to those matters.

### **PUBLIC HEARING – ESA/ERA**

Chair Haglund opened the Public Hearing at 6:04 p.m. Mr. Orth stated that notice of this meeting and public hearing was published in the 13 local newspapers covering each of the member agencies. Notices were also distributed electronically to all parties who have asked to be on the SVJPA agenda notification list. Mr. Orth then provided background on the CCA program and a PowerPoint presentation of an overview of the key features of the Electric Supply Agreement (ESA), to the Board members and members of the public.

Patrick Mealoy, Navigant Consulting, was asked by Mr. Orth to discuss several aspects of the ESA. Included were the economic benefits to the Region, certainties provide by the contract, market and regulatory uncertainties, administrative cost increases, impact of new members, other costs and benefits.

John Dalessi, Navigant Consulting, provided background and explained current rate issues relative to PG&E and SCE as well as the status of the CCA program in Marin County. Mr. Dalessi explained that Marin County intends to offer customers a choice of staying with PG&E; using “light green” energy which is approximately 25% renewable for approximately the same price as PG&E rates starting out, but decreasing eventually; or “deep green” which is 100% renewable at a premium price.

Mr. Orth continued with several slides of recent questions asked by PG&E and SCE and provided answers to each question.

Members of the Board discussed various issues of the ESA and received clarification by Mr. Orth, including the 5% reduction in generation rates charged to Authority customers, the concept of rate stabilization reserves, and the benefits of local control.

During Open Public Comments, John Nelson, PG&E, expressed the concerns of PG&E and referenced communication distributed to the Board prior to the Hearing. Mr. Nelson suggested the Authority hire an independent review of the contract. Mr. Nelson said he does not believe the ESA fulfills the goals set out by the SJVPA and mentioned he was available for questions.

There being no further members of the public who wanted to speak, Chair Haglund closed the Public Comment portion of the Public Hearing.

Chair Haglund stated that PG&E sent an email and fax to the Authority members one hour before today’s meeting with its comments relating to the ESA. The Authority Board will review those comments and asked KRCD and Navigant to summarize and provide analysis to the Executive Committee of the SJVPA at its next meeting scheduled for April 29, 2008. Don Pauley, City of Kingsburg, reminded the Board and the audience that the Executive Committee meeting is a meeting open to the public and encouraged others to attend and provide input. Chair Haglund reported that SCE provided its comments on the ESA at the first Public Hearing held in Kingsburg on February 28, 2008.

Chair Haglund reported this would be his last Authority Board meeting, since he had accepted a position as City Administrator in Gilroy. Chair Haglund stated that the CCA program has been a worthwhile project, with accomplishments made through rulings by the CPUC, and encouraged continued support. He continued by saying the CCA program “does” represent legitimate choice for our customers, and gives the valley voice.

Chair Haglund closed the Public Hearing at 6:47 p.m.

## **ADJOURNMENT**

There being no further business, Board Chair Haglund adjourned the meeting at 6:47 p.m.

Respectfully submitted,

Secretary