

**San Joaquin Valley Power Authority**  
**Minutes**  
**Regular Board Meeting**  
**May 22, 2008**

Minutes of the May Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held May 22, 2008, at the offices of Kings River Conservation District, Fresno, California.

Authority Board Vice Chair Ron Manfredi, City of Kerman, called the meeting to order at 2:00 p.m.

**ROLL CALL**

Vice Chair Manfredi requested the clerk call the official roll 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

Alternate Director Gary Misenhimer, arrived at 2:04 p.m. (after roll call)

CITY OF KERMAN

Director Ron Manfredi

CITY OF KINGSBURG

Director Don Pauley

KINGS COUNTY

Alternate Director Deb West, arrived at 2:23 p.m. (after roll call)

CITY OF LEMOORE

Director Jeff Briltz

CITY OF PARLIER

Director Lou Martinez

CITY OF REEDLEY

Director Rocky Rogers

CITY OF SANGER

Alternate Director John Mulligan

CITY OF SELMA

Absent

Eight (8) of the twelve (12) Authority Member Agencies were present for a total of 61.19% voting shares (adjusted at 2:23 p.m. to ten (10) Authority Member Agencies present for a total of 86.30% voting shares) under the Joint Powers Agreement (JPA).

**OTHERS PRESENT**

Jeff Adolph, Pacific Gas & Electric  
Lisa Bischel, Madrid Salazar PR & Marketing  
Scott Blaising, Braun Blaising McLaughlin, P.C.  
Dan Carroll, Downey Brand LLP  
Margaret Clayton, Kings River Conservation District  
Melissa Hunter, Kings River Conservation District  
Patrick Mealoy, Navigant Consulting Inc.  
Toni Munoz-Woods, Kings River Conservation District  
Randy Shilling, Kings River Conservation District  
Steve Stadler  
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; however Vice Chair Manfredi requested moving Agenda Item 9 Appointments to follow Item 5 Approval of Minutes of the April 24, 2008 meeting.

### **CONSENT CALENDAR**

It was moved by Director Rocky Rogers, City of Reedley, seconded by Director Ron Hoggard, City of Corcoran, and approved on a voice vote (voting shares: 61.19% approved, 38.81% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the month ending April 30, 2008.

### **PUBLIC COMMENTS**

Jeff Adolph, Pacific Gas and Electric (PG&E) introduced himself, then offered wishes for a speedy recovery for Dave Orth, General Manager of Kings River Conservation District (KRCD).

Vice Chair Manfredi explained to the Authority Board members that Dave Orth recently was injured on a motorcycle and was undergoing surgery on his leg and ankle. Vice Chair Manfredi then welcomed Alternate Director Gary Misenhimer, City of Hanford, as he arrived, asking the Board and KRCD staff and consultants to introduce themselves to Mr. Misenhimer.

Mr. Adolph stated that PG&E did not believe the letter to the editor from Mark McKean, President of KRCD was accurate. Mr. Adolph also referred to communication between PG&E and KRCD / SJVPA. Scott Blaising, Braun, Blaising McLaughlin, P.C., special counsel on regulatory matters, explained the discussions between the attorneys for PG&E and KRCD / SJVPA.

Vice Chair Manfredi requested the clerk provide copies to the Authority members of Mr. McKean's letter to the Fresno Bee editor.

## **APPROVAL OF MINUTES**

It was moved by Alternate Director Robert Ford, City of Clovis, seconded by Director Don Pauley, City of Kingsburg, and approved on a voice vote (Hanford arrived in time to vote, but not Kings. Co.) (voting shares: 72.27% approved, 27.73% absent, 0% opposed) to adopt the Minutes of the April 24, 2008 Authority Regular Board Meeting as presented.

## **APPOINTMENTS**

Director Pauley, City of Kingsburg, moved to appoint Vice Chair Ron Manfredi, City of Kerman, as Chair of the Authority, seconded by Director Jeff Briltz, City of Lemoore, and approved on a voice vote (voting shares: 72.27% approved, 27.73% absent, 0% opposed) to appoint Ron Manfredi as Chair of the Authority.

Director Pauley moved to appoint Robert Ford, City of Clovis, as Vice Chair of the Authority, seconded by Chair Ron Manfredi, and approved on a voice vote (voting shares: 72.27% approved, 27.73% absent, 0% opposed) to appoint Robert Ford as Vice Chair of the Authority.

Chair Manfredi requested selecting another member to serve on the Executive Committee. Director Pauley suggested someone to represent the members from the Tulare County area, such as Dan Meinert, City of Dinuba. On motion by Director Pauley, City of Kingsburg, seconded by Rocky Rogers, City of Reedley, and approved on a voice vote (voting shares: 72.27% approved, 27.73% absent, 0% opposed) Dan Meinert was appointed to the Executive Committee.

## **REPORT FROM THE DIRECTORS**

Director Manfredi reported that he has been working with Fresno County managers and PG&E representatives on improving the timeliness of service with respect to so-called "Rule 16" connections, which are electrical hookups under PG&E's Rule 16 for new facilities. Manfredi also stated that the City of Kerman recently hosted a Central California Clean Energy Transmission (C3ET) meeting, which is planning effort sponsored by PG&E to consider the possible expansion of transmission capacity between northern and southern California.

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

Chair Manfredi reported that the Executive Committee of the Authority held a Special meeting on April 29<sup>th</sup> to discuss issues related to the Electric Supply Agreement (ESA) and the Electricity Remarketing Agreement (ERA). Chair Manfredi stated that at that meeting a three-step approval process was thoroughly explained to the Executive Committee by Dave Orth. Chair Manfredi further stated that Mr. Orth provided information relative to the levels of review to be met for that approval, specifically the conditions set forth in Section 8.2.3 of the Power Services Agreement (PSA) which require a written finding by the SJVPA Board Representative(s) that costs under the ESA together with other Program Costs will allow the Authority to set initial rates at a discount of at least 5 percent from comparable generation-related rates charged by the investor owned utilities, and that subsequent increases in rates charged by the third-party power supplier(s) under the power supply contract(s) are limited to no more than 2% per year until at least 2015. Chair Manfredi also reported that legal and regulatory determinations relating to emission performance standards and resource adequacy compliance requirements were also addressed to the Executive Committee by Mr. Orth.

Chair Manfredi stated that during the April 29<sup>th</sup> meeting, Authority staff recommended the Committee approve the ESA and ERA as to form, subject to finalization of Schedule H (costs) and Exhibit D (eligible resources); a motion was made, seconded, and approved unanimously. The Agreement will be executed when the market reaches the point where rates can be achieved.

## **KINGS RIVER CONSERVATION DISTRICT REPORT**

Chair Manfredi asked Scott Blaising, Braun Blaising McLaughlin, P.C., to provide the regulatory update.

### Regulatory Update:

Resource Adequacy. Mr. Blaising discussed certain terms used in key CPUC proceedings. Mr. Blaising provided a general description of resource adequacy proceedings, noting that such proceedings address such things as planning for reserves, local capacity and procurement obligations. Mr. Blaising said that CCAs are so-called “load-serving entities” and must meet various resource adequacy requirements.

Long-term Procurement Matters. Mr. Blaising stated that in April 2008, SCE filed an Application seeking approval for power purchase contracts for capacity. Mr. Blaising noted that SCE filed those contracts pursuant to a CPUC Decision that requires all so-called “benefitting customers” to pay the costs associated with the capacity products. Mr. Blaising explained the Authority’s interest in this proceeding is that CCA customers are considered benefitting customers, therefore SJVPA will receive part of the resource adequacy credits associated with the contracts and SJVPA’s customers will pay for any above-market costs associated with the contracts. Mr. Blaising feels that after extensive review by the CPUC, approval of the contracts should occur in early 2009.

Mr. Blaising also described another long-term procurement effort involving PG&E. Mr. Blaising stated that PG&E issued a Request For Offer (RFO) of between 80-1200 MW of capacity purchase contracts from independent energy producers, with the possibility that PG&E could also offer its own proposals for PG&E-owned new generation. Mr. Blaising stated that PG&E received a protest letter for an independent energy trade association concerning the methodology PG&E used in the RFO. The letter states that because there is a ten-year term associated with the power purchase agreement, there is an unfair bias given to PG&E-owned new generation. Mr. Blaising said PG&E’s response is before the CPUC for consideration.

Mr. Blaising reported that SCE came out recently with an Application for solar applications. Under SCE’s proposal, SCE will install and own photo-voltaic (PV) panels, which will be installed on customers’ rooftops. Mr. Blaising noted that SCE proposes to install 250 MW of such PV systems with all above-market costs associated with the proposal to be incurred by benefitting customers. Mr. Blaising stated there is no benefit to SJVPA’s customers from this program offered by SCE, so the proceeding will be monitored to ensure that there is no inappropriate cost-shifting to SJVPA’s customers.

Rocky Rogers, City of Reedley, asked Mr. Blaising if PG&E or SCE has blocked homeowners from installing their own solar systems, to which he replied they had not, to his knowledge. Mr. Blaising explained the previous SCE proceeding mentioned related to commercial and industrial customers.

Complaint Case. Mr. Blaising reported that the City and County of San Francisco filed comments on the Joint Motion for Approval of the Settlement Agreement, stating they liked the terms and benefits of the Settlement. Mr. Blaising also stated that he felt the Administrative Law Judge would have the proposed Decision on the Settlement Agreement out in three weeks, with final approval of the Settlement Agreement at either the July 10 or July 31 CPUC meeting. Blaising also reported that the first bi-monthly meeting between representatives of PG&E and SJVPA is scheduled for Tuesday, May 27<sup>th</sup>, to discuss issues touched upon by the Settlement Agreement.

Status of Other CCA Programs: Chair Manfredi asked Cristel Tufenkjian, KRCD, to provide a quick update on Grassroots efforts. Ms. Tufenkjian handed out two samples of newsletters used by SJVPA members that contained printed information about Community Choice. Ms. Tufenkjian reminded the Board that she and her staff are available to assist them. Director Rocky Rogers, shared that the City of Reedley included material in their utility billing regarding CCA in both English and Spanish, and during Public Works Week, they had several participants handing out literature and material to the residents.

Budget/Audit Committee. Chair Manfredi suggested either creating a committee or using the Executive Committee to meet prior to June 26 to review the budget for 2008-2009. Board members indicated they did not believe a new committee was necessary, rather that the Executive Committee could handle the budget meeting. At the request of Chair Manfredi, a meeting of the Executive Committee will be scheduled.

### **RESOLUTION 08-02 – AUTHORIZATION TO EXECUTE SERVICE AGREEMENT WITH PG&E AND SCE.**

Chair Manfredi asked Scott Blaising to provide an overview of the service agreements with PG&E and with SCE. Mr. Blaising explained that the service agreement brings the CCA rules and tariffs into an agreement. Mr. Blaising said SJVPA had refused to sign the service agreements for several months, until the CPUC issued its Decision in late-April that Section 20 be removed from the agreement. Mr. Blaising stated Section 20 dealt with joint and several liability of members of the joint powers agency. Mr. Blaising recommended approval of the resolution.

Director Rocky Rogers asked Dan Carroll, Downey Brand LLP, acting general counsel to the Authority, if he also recommended approval of the resolution, and Mr. Carroll said he agreed with Mr. Blaising. Director Don Pauley made a motion to approve Resolution 08-02, it was seconded by Alternate Director Robert Ford, City of Clovis, and passed unanimously.

### **NEXT MEETING DATE**

The Authority Board established June 26, 2008 at 2:00 p.m. for the next regular meeting of the Board at the offices of KRCD. Chair Manfredi provided advance notice to the Board that he will be unavailable the end of July and first part of August.

### **CLOSED SESSION**

Scott Blaising and Dan Carroll each indicated there was nothing that needed to be discussed in Closed Session.

## **ADJOURNMENT**

There being no further business, Board Chair Manfredi asked for a motion to adjourn the meeting at 2:40 p.m. Motion was made by Director Rocky Rogers, City of Reedley, seconded by Ron Hoggard, City of Corcoran, and approved on a voice vote (voting shares: 86.30% approved, 13.70% absent, 0% opposed) to adjourn the meeting.

Respectfully submitted,

Secretary