

**San Joaquin Valley Power Authority  
Minutes  
Regular Board Meeting  
August 28, 2008**

Minutes of the August Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held August 28, 2008, at the offices of Kings River Conservation District, Fresno, California.

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

**ROLL CALL**

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

Alternate Director Dan Meinert

CITY OF HANFORD

Absent

CITY OF KERMAN

Director Ron Manfredi

CITY OF KINGSBURG

Director Don Pauley

KINGS COUNTY

Alternate Director Deb West

CITY OF LEMOORE

Director Jeff Britz

CITY OF PARLIER

Director Lou Martinez, arrived at 2:10 p.m. after roll call

CITY OF REEDLEY

Director Rocky Rogers

CITY OF SANGER

Alternate Director John Mulligan

CITY OF SELMA

Absent

Margaret Clayton, Kings River Conservation District (KRCD) reported that nine (9) of the twelve (12) Authority Member Agencies were present for a total of 77.02% voting shares (adjusted at 2:10 p.m. to ten (10) Authority Member Agencies present for a total of 82.21% voting shares) under the Joint Powers Agreement (JPA).

## **OTHERS PRESENT**

Jeff Adolph, Pacific Gas & Electric (PG&E)  
Lisa Bischel, Madrid Salazar PR & Marketing  
Scott Blaising, Braun Blaising McLaughlin, P.C.  
Margaret Clayton, Kings River Conservation District  
John Dalessi, Navigant Consulting  
Melissa Hunter, Kings River Conservation District  
Jane Luckhardt, Downey Brand LLP  
Mark McKean, Kings River Conservation District  
Patrick Mealoy, Navigant Consulting  
Toni Munoz-Woods, Kings River Conservation District  
David Orth, Kings River Conservation District  
Randy Shilling, Kings River Conservation District  
Roger Snow  
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.

## **PUBLIC COMMENTS**

There were no public comments.

## **REPORT FROM THE DIRECTORS**

Chair Manfredi reported that the Fresno County Counsel of Governments (COG), Policy Advisory Committee had PG&E representatives speak on new construction related to undergrounding of electrical hookups, known as “Rule 16”. Chair Manfredi stated that a follow-up lunch meeting to work on streamlining the Rule 16 process with contractors and subcontractors will be held in Kerman on Sept. 19 at noon. Chair Manfredi invited anyone who is interested to contact him to participate.

## **REPORT FROM THE GENERAL MANAGER**

Regulatory Update: David Orth, KRCD, asked Scott Blaising, Braun Blaising McLaughlin, P.C., to provide the regulatory update. Mr. Blaising addressed each of the following issues.

*CCA Bond* – Mr. Blaising provided an update on the dispute between SJVPA and the investor-owned utilities (IOUs) regarding the CCA Bond, which is intended to cover potential costs associated with a sudden return of CCA customers to bundled service. Mr. Blaising reported that SJVPA joined together with other prospective community choice aggregators to file Joint Comments on July 14, 2008, followed on July 28, 2008 with the Joint Reply Comments. Other aggregators jointly filing both Comments and Reply Comments were City of Victorville, City and County of San Francisco, Marin County, and Los Angeles County, with the City of Moreno Valley participating only in the Reply Comments. Mr. Blaising reported that he anticipated the Administrative Law Judge (ALJ) would most likely determine that a workshop should be held to allow the Commission’s Energy Division to assess the issue, with a final Decision in November 2008.

*Joint & Several Liability* – Mr. Blaising reported that the California Public Utilities Commission (CPUC) had previously directed the IOUs to remove Section 20 dealing with joint and several liability from the Service Agreements between CCAs and the IOUs, stating that Section was contrary to California law. Mr. Blaising reported that the IOUs filed an Application for Rehearing seeking to appeal the CPUC decision and the Commission should address the matter at the September 4, 2008 meeting in Closed Session.

*Renewable Portfolio Standards (RPS) Program and Percentages and Goals* – Mr. Blaising stated that the CPUC has instituted a new rulemaking on renewable portfolio standards (R.08-08-009) noting that SJVPA is specifically named as a Respondent, reflecting its status as a CCA. A Respondent takes on the same status as the IOUs where the Commission expects the Respondent to respond to questions identified in the rulemaking. Mr. Blaising reported the CPUC wants to provide a clear definition of the Renewable Energy Credits (REC) to prepare for a Decision defining how, when, and under what conditions those RECs can be traded and applied in terms of meeting RPS requirement. That Decision should be made by late 2008 or early 2009.

*Energy Efficiency Efforts* – Mr. Blaising began with a quote from the Energy Action Plan adopted by the CPUC and the California Energy Commission - “cost effective energy efficiency is the resource of first choice for meeting California’s energy needs”. Both commissions support energy efficiency and a significant amount of money is being spent on energy efficiency activities, which are funded by a public purpose program charge. Mr. Blaising noted that AB 117 can be interpreted to allow CCAs to administer energy efficiency programs on behalf of and within their communities, noting that although the IOUs exclusively administer these programs currently, SJVPA and other CCAs may want to revisit this issue with the CPUC after their programs become operational.

*ERRA Filing by PG&E* – Mr. Blaising explained PG&E’s request for a rate increase of nearly \$500,000,000, or 8 – 10% of their current generation rates, was approved by the CPUC last week. Southern California Edison is expected to make a similar filing; by law they needed to file by August 1, 2008, but were granted an extension until September 15, 2008.

*PG&E Power Plant* – Mr. Blaising reported that PG&E filed an application in July for a proposed development of an 1100 megawatt gas fired plant near Tracy, California. The Tesla generation station was originally owned by Florida Power and Light. PG&E is seeking a certificate of public convenience and necessity from the CPUC to develop 560 megawatts of that project.

Investor Owned Utilities’ Activities - Patrick Mealoy, Navigant Consulting, provided a presentation covering several issues, including California’s renewable portfolio standards, and PG&E’s C3 ETP transmission project, which is an important piece of infrastructure needed for future load growth here in the greater Fresno area. Mr. Mealoy also discussed California Renewal Energy Zones (CREZ), voltage support, and ongoing resource development that PG&E has requested for themselves as well as their future rates.

Status of CCA Implementation: Mr. Orth provided the Authority Board with a brief update on the current position relating to implementation of the CCA program. Implementation was deferred pending resolution of certain regulatory issues with regard to the rehearing of the Joint and Several issue. Mr. Orth also noted that the CCA Bond matter pending before the CPUC and the volatile energy market continue to affect the start date for the Program. Mr. Orth reported that he believed the anticipated start date of Phase 1 deliveries has been delayed from the fourth quarter of 2008 until the first or second quarter of 2009.

Status of Settlement Implementation: Mr. Orth further reported that the first bi-monthly meeting with PG&E was held on July 21, 2008. Attending from KRCD were Randy Shilling and Cristel Tufenkjian, as well as Scott Blaising. Mr. Orth asked Mr. Blaising to provide a summary of that meeting. Mr. Blaising explained this was the introductory meeting and PG&E was represented by Counsel Jon Pendleton and Tim Bohan, Southern Regional Director. Conditions and circumstances requiring the use of the disclaimer notice were discussed. Mr. Orth also noted that Jeff Adolph is expected to represent the marketing group for PG&E.

Mr. Orth stated that KRCD staff had submitted the invoice to PG&E for reimbursement of litigation related costs of approximately \$390,000 pursuant to the Settlement Agreement.

Status of Resource Development: Mr. Orth reported that the California Energy Commission (CEC) permitting process on the proposed Community Power Plant (CPP) continues; KRCD is currently developing response to a data request package submitted by the CEC staff. Mr. Orth reported he expected to file the response sometime in September and expected a CEC response in November/December 2008.

Mr. Orth said that he had received a package from Director Don Pauley presented at the Kingsburg Chamber of Commerce meeting by Associated Builders and Contractors (ABC). Mr. Orth reported that ABC has been active in challenging the KRCD Board on whether a Project Labor Agreement (PLA) is appropriate for the proposed CPP. Mr. Orth further reported that the KRCD Board has instructed staff to scope PLA issues with no commitment to sign a PLA. ABC has concluded that we have already made a decision and that it is in the poor interest of the customers and rate payers who will ultimately benefit from that project. Mr. Orth provided the Authority members with a statement read by President Mark McKean at KRCD's last Board meeting, regarding how KRCD intends to address the PLA issue.

Mr. Orth said meetings were held with Clean Tech Solar representatives this month to discuss the status of the proposed 80 megawatt solar project, and that additional meetings were scheduled for September to review refreshed pricing and make decisions regarding ownership structure.

Mr. Orth reported that the SJVPA ad hoc Renewables committee has met a couple of times to discuss a potential expanded Renewables component to this program. The committee will provide a report to the full SJVPA Board at a future meeting.

Status of Other CCA Programs: Mr. Orth reported that Marin County continues to work with communities to discuss Community Choice feasibility, and actually the formation of a Joint Powers Authority (JPA), very similar to that of SJVPA. Mr. Orth said that in July, Cristel Tufenkjian participated in a panel discussion held in the City of Novato that also included representatives from PG&E, Marin Clean Energy (MCE), and the California Independent System Operator (CAISO). Mr. Orth said Marin Co. has asked him to participate in their next group of community meetings in late September. Orth also encouraged Authority Board members when contacted by Marin Co. to be responsive to inquiries of both positive experiences and struggles encountered in the SJVPA effort to implement a community choice aggregation program.

Mr. Orth reported that Sonoma County had recently initiated discussion with other communities interested in exploring CCA programs. Orth said issues discussed by this broad coalition (Sonoma, Marin, San Louis Obispo and other communities) involve our experiences, status of regulatory issues and positions and how we communicate those to our policy makers and the public at large. Chair Manfredi suggested holding a conference or workshop with those cities.

## **CONSENT CALENDAR**

It was moved by Director Rocky Rogers, City of Reedley, seconded by Alternate Director Dan Meinert, City of Dinuba, and approved on a voice vote (voting shares: 82.21% approved, 17.79% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the months ending June 30, 2008 and July 31, 2008.

## **APPROVAL OF MINUTES**

Dave Orth explained that in the General Manager's Report in the June 26, 2008 Minutes, a misplaced sentence on page 102 under Status of Settlement Implementation relating to a coordination meeting should be moved to the second sentence of the preceding paragraph Status of CCA Implementation. By motion made by Director Rocky Rogers, City of Reedley, seconded by Director Ron Hoggard, City of Corcoran, and approved on a voice vote (voting shares: 82.21% approved, 17.79% absent, 0% opposed) the Minutes of the June 26, 2008 Authority Regular Board Meeting were adopted as corrected.

## **APPOINTMENT OF AD HOC COMMITTEE TO CONFER WITH KRCD REGARDING POWER SERVICES AGREEMENT ISSUES.**

Dave Orth reported that in accordance with Section 8.2.3 of the Power Services Agreement between the Authority and KRCD dated October 23, 2007, the agreement will expire at midnight on October 15, 2008, unless extended by the Board. Mr. Orth suggested an ad hoc committee be formed with whom he can confer to address the issue.

Chair Manfredi appointed himself, Director Pauley, Alternate Director Robert Ford, and Director Larry Spikes to the ad hoc Committee to meet with KRCD staff to discuss Power Services Agreement related issues and make a recommendation to the full Board at the next meeting.

## **NEXT MEETING DATE**

The Authority Board established September 30, 2008 at 2:00 p.m. for the next regular meeting of the Board at the offices of KRCD, since several members had a conflict on the fourth Thursday.

## **RECESS**

At 3:20 p.m. Chair Manfredi called for a three minute recess before the start of Closed Session.

## **CLOSED SESSION**

Pursuant to Government Code Sections 54956.9 (a), the Authority Board adjourned to Closed Session at 3:26 p.m. to confer with Legal Counsel on regulatory matters requiring litigation before the CPUC in C.07-06-025.

## **RECONVENE TO OPEN SESSION**

The Board reconvened into Open Session at 3:40 p.m. Chair Manfredi disclosed the Authority 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.

**ADJOURNMENT**

There being no further business, Board Chair Manfredi adjourned the meeting at 3:41 p.m.

Respectfully submitted,

Secretary