

**San Joaquin Valley Power Authority
Minutes
Rescheduled Regular Board Meeting
October 2, 2008**

Minutes of the Rescheduled September Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held October 2, 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 2:03 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

Absent

KINGS COUNTY

Director Larry Spikes

CITY OF LEMOORE

Director Jeff Briltz

CITY OF PARLIER

Director Lou Martinez, arrived at 2:05 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 eight (8) of the twelve (12) Authority Member Agencies were present for a total of 71.43% voting shares (adjusted at 2:05 p.m. to nine (9) Authority Member Agencies present for a total of 76.62% voting shares) under the Joint Powers Agreement (JPA).

OTHERS PRESENT

Jeff Adolph, Pacific Gas & Electric
Lisa Bischel, Madrid Salazar PR & Marketing
Dan Carroll, Downey Brand LLP (teleconference)
Margaret Clayton, Kings River Conservation District
Melissa Hunter, Kings River Conservation District
Shannon Koontz, Pacific Gas & Electric
David Orth, Kings River Conservation District
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.

PUBLIC COMMENTS

There were no public comments.

REPORT FROM THE DIRECTORS

Director Jeff Briltz, City of Lemoore, as the Authority's representative to the San Joaquin Valley Clean Energy Organization (SJVCEO), reported the group recently held its sixth Board meeting in Fresno and that Congressman Jim Costa briefed them on legislation he is sponsoring relating to energy policy matters, asking for the support of SJVCEO. Mr. Briltz said the SJVCEO will hold its next meeting in November.

Mr. Briltz also reported that through the SJVCEO, he learned of grants available from the California Energy Commission (CEC) for multiple renewable projects. Mr. Briltz indicated the CEC would like to see a CCA be the recipient of a grant which provides up to 50% of the cost of the project or up to \$1 million per project. Mr. Briltz included David Orth and Cristel Tufenkjian, KRCD, in a preliminary conversation with the CEC to learn about the grants and determine if they could currently benefit KRCD and/or SJVPA. Mr. Orth stated that KRCD would be evaluating this opportunity further on behalf of the SJVPA.

REPORT FROM THE GENERAL MANAGER

Regulatory Update: David Orth, KRCD, provided the regulatory update on each of the following issues.

Joint & Several Liability – Mr. Orth reported that on September 4, 2008, the California Public Utilities Commission (CPUC) released its Decision on the utilities' Application for Rehearing stating the Decision denied the petition for rehearing and clarified that the issue of Joint and Several should be considered on a case by case basis, as part of the consideration of the overall creditworthiness of a particular JPA CCA rather than a general rule that applies to all Joint Powers Authority CCAs.

CCA Bond – Mr. Orth reminded the Authority that after the CPUC granted an interim CCA Bond requirement for SJVPA of \$100,000, the Commission has opened a proceeding to further

evaluate this issue. A Prehearing Conference was held on September 17, 2008, and Special Counsel Scott Blaising attended. Mr. Orth reported on behalf of Mr. Blaising that both sides expressed their positions and the parties are very far apart, with some discussion about holding a technical workshop in the near future to identify re-entry risks, how to quantify them, appropriate methodology to calculate payment offsets and cost responsibility surcharges and how other forms of insurance apply.

IOU Rates – Mr. Orth reported that PG&E recently filed its updated forecast of rates or “2008 True-Up”, which were being reviewed by Navigant Consulting. Orth further reported that PG&E has increased generation rates in excess of 10% effective October 1, 2008. Orth also reported that SCE has filed an Application for True-Up with a forecast for 2009 generation costs for an increase of 13%.

Creditworthiness – Mr. Orth reported that staff continues to meet with the utilities on implementation timing, questions, notices and data transfer. Mr. Orth reported that KRCD had initiated creditworthiness review with both utilities and PG&E had identified approximately \$300,000 plus the interim CCA bond of \$100,000, and SCE had identified approximately \$75,000 plus the interim CCA Bond. Orth stated that these balances could be managed without joint/several liability but questioned whether the utilities would seek to pursue the joint/several issue through the long term CCA proceeding.

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. Mr. Orth explained that work with CitiGroup Energy continued over the last several weeks; noting that wholesale energy prices have fallen and he is confident that a product to fit the Authority’s financial objective will be presented to the Executive Committee before year end.

Status of Settlement Implementation: Mr. Orth announced that the SJVPA has received payment from PG&E in the amount of \$383,631.69 for reimbursement of litigation expenses in the CPUC Complaint Case SJVPA vs. PG&E. Mr. Orth said that at the next Board meeting, the Authority will be asked to authorize the funds be paid to KRCD for reimbursement of expenses incurred in the Complaint Case on the Authority’s behalf.

Mr. Orth reported that the September bi-monthly meeting with PG&E was canceled, and new dates to reschedule will be considered. Mr. Orth said as a convenience to Special Counsel Scott Blaising, it is hoped that the bi-monthly meetings will be held to coincide with the Authority Board meetings since Mr. Blaising typically travels to Fresno for those meetings.

Status of Resource Development: Mr. Orth reported that the CEC permitting process on the proposed Community Power Plant (CPP) continues and completion of the permit is anticipated late next year. Mr. Orth said negotiations on the 80 megawatt solar project with Cleantech are expected to be complete by November 30. Mr. Orth also reported that the ad hoc Renewables Committee met to review other potential projects and approaches to expand the renewable footprint of the program. Mr. Orth also mentioned the CEC grant opportunity brought to the group by Director Britz, City of Lemoore, and discussed under Report from the Directors.

Status of Other CCA Programs: Mr. Orth reported he and Cristel Tufenkjian attended various community meetings in Marin County on September 29 and 30 to provide updates on the SJVPA CCA implementation process. Mr. Orth shared that PG&E has developed a proposal to Marin County to develop a pilot program to offer PG&E customers the option to purchase energy from

renewable sources. Mr. Orth said he and Ms. Tufenkjian are also part of a group of potential CCAs that holds monthly teleconferences to discuss issues relative to implementation.

CONSENT CALENDAR

It was moved by Director Rocky Rogers, City of Reedley, seconded by Director Lou Martinez, City of Parlier, and approved on a voice vote (voting shares: 76.62% approved, 23.38% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the month ending August 31, 2008.

APPROVAL OF MINUTES

Dave Orth explained that in the General Manager's Report in the August 28, 2008 Minutes, a correction was needed on page 109 under Status of Settlement Implementation. The last sentence of that paragraph should read Mr. Orth (rather than PG&E) also noted that Jeff Adolph is expected to represent the marketing group for PG&E. By motion made by Director Ron Hoggard, City of Corcoran, seconded by Alternate Director Dan Meinert, City of Dinuba, and approved on a voice vote (voting shares: 76.62% approved, 23.38% absent, 0% opposed) the Minutes of the August 28, 2008 Authority Regular Board Meeting were adopted as corrected.

EXTENDING THE TIMEFRAME UNDER SECTION 8.2.3 OF THE POWER SERVICES AGREEMENT – RESOLUTION 08-03.

Dave Orth reported that in accordance with Section 8.2.3 of the Power Services Agreement (PSA) between the Authority and KRCD dated October 23, 2007, KRCD's authority to enter into a full requirements energy supply contract(s) for the SJVPA will expire at midnight on October 15, 2008, unless extended by the Board. Chair Manfredi reported the ad hoc Committee met with KRCD staff to discuss PSA related issues and recommends approval of Resolution 08-03, Extending the Timeframe Under Section 8.2.3 of the Power Services Agreement. By motion made by Director Ron Hoggard, City of Corcoran, seconded by Director Rocky Rogers, City of Reedley, and approved on a voice vote (voting shares: 76.62% approved, 23.38% absent, 0% opposed) Resolution 08-03 Extending the Timeframe Under Section 8.2.3 of the Power Services Agreement is adopted.

NEXT MEETING DATE

The Authority Board established October 23, 2008 at 2:00 p.m. for the next regular meeting of the Board at the offices of KRCD.

ADJOURNMENT

There being no further business, Board Chair Manfredi asked for a motion to adjourn the meeting. By motion made by Director Rocky Rogers, City of Reedley, seconded by Director Lou Martinez, City of Parlier, and approved on a voice vote (voting shares: 76.62% approved, 23.38% absent, 0% opposed) the meeting was adjourned at 2:45 p.m.

Respectfully submitted,

Secretary