

San Joaquin Valley Power Authority
Minutes
Regular Board Meeting
March 26, 2009

Minutes of the March Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held March 26, 2009, 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

Director Gary Misenhimer

CITY OF KERMAN

Director Ron Manfredi

CITY OF KINGSBURG

Director Don Pauley (arrived at 2:10 p.m., after roll call)

KINGS COUNTY

Director Larry Spikes (arrived at 2:15 p.m., after roll call)

CITY OF LEMOORE

Director Jeff Britz

CITY OF PARLIER

Absent

CITY OF REEDLEY

Director Rocky Rogers

CITY OF SANGER

Alternate Director John Mulligan

CITY OF SELMA

Absent

Chair Manfredi confirmed there was a quorum of members present. Eight (8) of the twelve (12) Authority Member Agencies were present for a total of 68.48% voting shares (adjusted at 2:15

p.m. to ten (10) Authority Member Agencies present for a total of 88.10% 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. (telephonically)
Margaret Clayton, Kings River Conservation District
Melissa Hunter
Shannon Koontz, Pacific Gas & Electric
Jane Luckhardt, Downey Brand LLP
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

Shannon Koontz, Pacific Gas & Electric (PG&E), read the disclaimer required by the Settlement Agreement reached between the Authority and PG&E, then apologized for neglecting to read the disclaimer before she spoke at a meeting held at a joint Reedley City Council/Kings Canyon Unified School District meeting on March 24, 2009. Ms. Koontz assured the Authority members that she would read the disclaimer in the future.

REPORT FROM THE DIRECTORS

Director Jeff Briltz, City of Lemoore, as the Authority's representative on the San Joaquin Valley Clean Energy Organization, reported the deadline to request an Energy Efficiency and Conservation Block Grant (EECBG) for cities over 35,000 is June 23, 2009.

Director Rocky Rogers, City of Reedley, shared that he was notified that Reedley and other cities with populations of less than 35,000 will be contacted by the California Energy Commission (CEC) and then will have 60 days to get their applications in for EECBG, after which funds will be distributed to the smaller cities.

REPORT FROM THE GENERAL MANAGER

Dave Orth, Kings River Conservation District, asked Scott Blaising, Braun Blaising McLaughlin, P.C., to provide the regulatory update. Mr. Blaising, who was participating in the meeting via teleconference, reported on the Inland Empire solar project by Southern California Edison (SCE). Blaising stated that a protest was filed against SCE's application by SJVPA and the City of Victorville, but the CPUC Decision tentatively approves the SCE's project. Mr. Blaising said above market costs of SCE's Inland Empire solar project should be addressed in the Petition to Modify CCA Cost Responsibility Surcharge (CRS) filed by the City of Victorville. Mr. Blaising

explained that Petitions to Modify do not require action by the CPUC, and this CRS Petition was filed over twelve months ago.

Mr. Blaising explained that the CPUC is still evaluating Tradable Renewable Energy Credits (TRECs) to determine whether the renewable attributes associated with generated energy can be unbundled and used for sale, trade, or applied for use in compliance of the renewable portfolio standards requirement.

Mr. Blaising said he would discuss other matters before the CPUC during Closed Session.

Investor Owned Utilities' Activities: Mr. Orth reported that due to calendar conflicts, a meeting he scheduled to provide clarification to PG&E representatives Jeff Adolph and Shannon Koontz would be rescheduled. Mr. Orth referred to the March 24, 2009 letter to the Authority Board members from David Rubin, PG&E, in which Mr. Rubin states that the February 26, 2009 presentation given at the Authority Board meeting by Navigant Consulting contained inaccurate information regarding rate forecasts. Chair Manfredi stated that he thought the response to Mr. Rubin should come from Navigant, since the statements were made about the content of its presentation. Mr. Adolph, PG&E, explained the service area confusion is between all customers or only Phase 1. Mr. Blaising reported that he had addressed concerns to PG&E legal counsel and a follow up letter from Mr. Rubin would be sent to the Board to clarify any misstatements that were made in the March 24 letter.

Status of Settlement Implementation: Mr. Orth said there had been no activity and were probably past due for the bi-monthly issues meeting with PG&E.

Status of Resource Development:

RESCO Grants: Mr. Orth reported that KRCD submitted two proposals to the CEC RESCO grant solicitation; one under an exploratory category to evaluate technologies and issues for implementation and integration of those renewable technologies into a CCA portfolio, and a second proposal under the project funding category to evaluate dairy bio-gas and dairy bio power feasibility. Mr. Orth reported only the dairy project proposal was accepted; the exploratory project was delivered a few minutes past the filing deadline by our consultant and was not accepted. Mr. Orth noted KRCD and its consultant were working with the CEC to explore other funding sources and noted the CEC had experienced an overwhelming response to the RESCO Grant solicitation.

Stimulus Opportunities: Mr. Orth provided copies of a matrix summarizing the State Energy Program Grant and the Energy Efficiency and Conservation Block Grant (EECBG) programs with \$282 million available, some through formula and some by competitive bid grant applications. Mr. Orth informed the Board that a number of projects of interest to the Authority were submitted to the San Joaquin Valley Partnership energy work group. Orth reported that the Partnership had received qualified applications for energy projects in excess of \$1.3 billion. Orth also reported that KRCD had submitted projects to the air quality work group and the California Water Institute water supply work group for regional water supply and flood control projects.

Outreach Activities: Mr. Orth reported that he had recently provided a status report to the Joint City County meeting in Hanford on March 11, 2009, and also at a joint meeting of the Reedley City Council and Kings Canyon Unified School District on March 24, 2009. Mr. Orth reported that he subsequently contacted Rocky Rogers, City of Reedley and the Deputy Superintendent of the School District to correct an omission of information in response to a question at the meeting in which he failed to state that Tulare County had also withdrawn from the Authority.

Mr. Orth said that Shannon Koontz, PG&E, made incorrect comments during the joint meeting about the start up and development costs stating that the members would be liable for those costs and also that the City of Selma has apparently voted to withdraw from the Authority. Orth reminded the Board that no communication from the City of Selma has been provided, as required in the terms of Program Agreement No. 1 and the Joint Powers Agreement to give the Board six months advance written notice if a Member intends to withdraw.

Status of Other CCA Programs: Mr. Orth reported the Community Choice Energy Council (CCEC) continues to hold regular meetings to discuss objectives and draft a purpose statement. Orth noted that one key objective through the CCEC is to help other parties understand the status of each of the developing CCA programs. Mr. Orth pointed out that in early February, a PG&E representative in the City of Novato, Marin County, reported that SJVPA had been trying to secure a contract for cheap power for four years supposedly starting before the economic crisis, and are now on hold with no plan to move forward – which is obviously not accurate. Orth said the efforts to secure a power contract began last April when the form of the contract was approved, and we have not used the term on hold to define our status. Mr. Orth provided the Board with a copy of a status report on Marin Clean Energy (MCE) to the Marin City and Town Councils. Orth reported MCE plans to submit a Request for Proposal (RFP) in the next few months to identify energy suppliers to meet their objectives.

Mr. Orth also reported he had met recently with Michael Campbell, the newly hired CCA Director for the San Francisco Public Utilities Division of the City and County of San Francisco. Mr. Campbell intends to submit a Request for Qualifications to develop a qualified pool of firms to participate in a subsequent RFP for the San Francisco CCA program in the fall of 2009.

PHASE 1 IMPLEMENTATION PLAN REPORT

Mr. Orth explained that an original and a redline of Modification No. 3 to the SJVPA CCA Implementation Plan and Statement of Intent showing changes to the August 23, 2007 Implementation Plan was sent to the California Public Utilities Commission (CPUC) on March 19, 2009, and confirmation of receipt was received on March 23rd by CPUC Energy Division staff. Mr. Orth said copies had also been provided in advance to the Investor Owned Utilities (IOUs) and were provided in the Agenda packet of today's meeting. Scott Blaising explained the CPUC process for approval of the modified Implementation Plan is an informal process and provides that a letter of acceptance of the Plan will be sent out by them in approximately 30 days, after receiving input from the IOUs.

Mr. Orth further reported Mr. Blaising would draft the authorized Service Addendum to the Power Services Agreement with KRCD, and it should be presented at the April 23, 2009 Board meeting. Orth said KRCD had requested information from four potential energy suppliers for Phase 1, and intended to negotiate a contract with one or more to bring before the Board. A workshop to review contract(s) could be held as early as the April 23, 2009 Board meeting.

Mr. Orth said a Request for Proposal would go out in April relative to solar installations for Authority member facilities for Phase 1. Mr. Orth suggested a meeting of an ad hoc committee should be scheduled in April or May to review the RFP and information obtained from the RFP and report back to the Board with its recommendation.

CONSENT CALENDAR

Chair Manfredi reported the Financial Statements for the month ended February 28, 2009, would be voted on for approval. It was moved by Director Rocky Rogers, City of Reedley, seconded by Director Don Pauley, City of Kingsburg, and approved on a voice vote (voting shares: 88.10% approved, 11.90% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the month ended February 28, 2009.

APPROVAL OF MINUTES

Chair Manfredi asked if there were any corrections or clarifications to the draft Minutes of the February 26, 2009 meeting as distributed, and if not the Minutes would be voted on for approval. 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: 77.02% approved, 11.90% absent, 0% opposed 11.08% abstained) the Minutes of the February 26, 2009 Authority Regular Board Meeting were adopted.

NEXT MEETING DATE

The Authority Board established April 23, 2009 at 2:00 p.m. for the next regular meeting of the Board at the offices of KRCD.

RECESS

At 2:43 p.m. Chair Manfredi called for a brief 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 2:46 p.m. to confer with Legal Counsel on regulatory matters requiring litigation before the CPUC including the CCA Bond; Rulemaking Proceeding 03-10-003.

RECONVENE TO OPEN SESSION

The Board reconvened into Open Session at 3:32 p.m. Chair Manfredi disclosed the Authority Board met in Closed Session, an update was provided on matters stated on the agenda, discussion and direction provided to staff and counsel with respect to those matters. Chair Manfredi disclosed that the Board voted to approve the Bond Settlement, and authorize Scott Blaising to sign on its behalf, subject to review and approval by Jane Luckhardt, General Counsel to the Authority, if a settlement as described by Mr. Blaising at this meeting is reached prior to the next Authority board meeting scheduled for April 23, 2009. Chair Manfredi stated that if there were significant changes in the Bond Settlement, not consistent with today's discussion, it would be re-presented to the Authority Board for consideration and the terms discussed further.

By motion made by Director Don Pauley, City of Kingsburg, seconded by Director Rocky Rogers, City of Reedley, and approved on a voice vote (voting shares: 88.10% approved, 11.90% absent, 0% opposed) the Board authorized Special Counsel Scott Blaising to sign the CCA Bond Settlement Agreement consistent with terms discussed today.

ADJOURNMENT

There being no further business, Board Chair Manfredi adjourned the meeting at 3:33 p.m.

Respectfully submitted,

Secretary