

**San Joaquin Valley Power Authority**  
**Minutes**  
**Regular Board Meeting**  
**April 23, 2009**

Minutes of the April Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held April 23, 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 (left at 3:03 p.m.)

**CITY OF DINUBA**

Alternate Director Dan Meinert (left at 3:03 p.m.)

**CITY OF HANFORD**

Director Gary Misenhimer

**CITY OF KERMAN**

Director Ron Manfredi

**CITY OF KINGSBURG**

Director Don Pauley

**KINGS COUNTY**

Director Larry Spikes

**CITY OF LEMOORE**

Director Jeff Briltz

**CITY OF PARLIER**

Director Lou Martinez

**CITY OF REEDLEY**

Director Rocky Rogers (arrived at 2:13 p.m., after roll call)

**CITY OF SANGER**

Alternate Director John Mulligan

**CITY OF SELMA**

Absent

Cristel Tufenkjian, Kings River Conservation District, KRCD, took roll and reported there was a quorum of members present. Ten (10) of the twelve (12) Authority Member Agencies were present for a total of 86.33% voting shares (adjusted at 2:13 p.m. to eleven (11) Authority Member Agencies present for a total of 93.29% 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.  
Jeff Bush, Sempra  
Margaret Clayton, Kings River Conservation District  
John Dalessi, Navigant Consulting  
Shannon Koontz, Pacific Gas & Electric  
Jane Luckhardt, Downey Brand LLP  
Patrick Mealoy, Navigant Consulting  
David Orth, Kings River Conservation District  
Randy Shilling, Kings River Conservation District  
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**

There were no reports from Directors.

## **REPORT FROM THE GENERAL MANAGER**

Regulatory Update: Dave Orth, KRCD, explained there would be no regulatory update during open session.

Investor Owned Utilities' Activities: Mr. Orth reported that he met with PG&E representatives Jeff Adolph and Shannon Koontz to discuss issues of concerns; start up and development costs and how they are provided for recovery under the Power Services Agreement with KRCD; what the Implementation Plan says relative to start up of Phases 2, 3 and 4 over the first 36 month period; and other issues. Orth said he encouraged Mr. Adolph and Ms. Koontz to address the Board with their questions or concerns in the future.

Mr. Orth referenced the tri-fold marketing flyer used by PG&E, pointing out the early opt-out opportunity on the flyer as well as on PG&E's website, and said those matters were brought to the attention of the California Public Utilities Commission (CPUC) Energy Division. Orth said notice was recently received that PG&E has voluntarily agreed to withdraw the early opt-out from both the website and the tri-fold flyer.

Mr. Orth referenced the April 2, 2009 letter from David Rubin, PG&E, received as a follow up to the March 24, 2009 letter from Mr. Rubin addressing rates and presentations made by representatives of Navigant Consulting at the February 26, 2009 Board meeting. Mr. Orth said John

Dalessi of Navigant would give a brief presentation in response to the letters from Mr. Rubin, as requested last month by Chair Manfredi.

John Dalessi, Navigant Consulting, summarized the issues referenced in the two letters from Mr. Rubin that claim Navigant had overstated the PG&E generation rates for the SJVPA area, and that PG&E's projected annual increases of 4% were too high compared to PG&E's own forecast. Dalessi presented a PowerPoint showing the rate analysis presented by Navigant on February 26, 2009, was for Phase 1 municipal customers only, and those accounts pay higher than system average rates, which PG&E has agreed to in the April 2, 2009 letter. Mr. Dalessi further explained that the projected PG&E rate increases used by Navigant are reasonable based on historical trends and data from the IOU's actual generation rate increases over the last several years.

Status of Settlement Implementation: Mr. Orth said he received the January 2009 below the line accounting of expenditures of shareholder reimbursement of marketing costs with respect to the SJVPA CCA program. Mr. Orth pointed out that from July 2008 to January 2009, PG&E reported 1600 hours of staff time and \$750,000 of expenditures in marketing activities. Mr. Orth reported PG&E has spent 11,500 hours and \$2.5 million since May 2007 when the reporting began, until January 2009, on marketing with respect to the Authority's CCA program.

Status of Resource Development: Mr. Orth reported the primary focus has been on the Phase 1 Energy Supply Contract, which he said he would address further in Agenda Item 6. Orth said the Request for Proposals for the Phase 1 distributed solar project(s) will be sent for review and input by the Authority members.

Outreach Activities: Mr. Orth reported that he appeared at the San Francisco Public Utility Commission's sponsored stakeholder outreach meeting in early April to discuss the process, objectives and issues the Authority has encountered while attempting to implement Community Choice. Orth also reported that Cristel Tufenkjian, KRCD, had participated in a workshop at the Lemoore City Council to discuss the status of the Authority's CCA Phase 1 implementation.

## **PHASE 1 IMPLEMENTATION PLAN REPORT**

Mr. Orth explained that KRCD's primary focus has been on negotiating the energy supply contract with potential providers. Orth reported the significant time had been spent to determine the Phase 1 load information requested from the IOU's was current and inclusive of all meters intended to be served in Phase 1.

Mr. Orth stated that acknowledgement was received from the CPUC Energy Division staff that they had received Implementation Plan Modification No. 3. Orth referenced a copy of the joint written comments by PG&E & SCE dated April 22, 2009, that was provided to the Authority members, and is currently under review. Mr. Orth said the Authority's general counsel Jane Luckhardt and special counsel Scott Blaising had reviewed the IOU joint comments and asked Mr. Blaising to provide an overview.

Scott Blaising, Braun, Blaising & McLaughlin, explained that there is an orderly regulatory process whereby the CPUC reviews comments on Implementation Plans. Mr. Blaising said the comments provided by the IOUs fall into two general categories: those that are relevant to the Board as the CCA program's local regulatory authority, and those that are relevant to the CPUC as the agency responsible for ensuring that the CCA program does not conflict with the utilities' operational

requirements. Mr. Blaising noted that most of the utilities comments relate to the first category, and will be considered by the Board. As to the remaining comments that relate to the second category, Mr. Blaising noted that the CPUC will likely respond within 45 days after the Authority submits its responses to the IOU joint comments.

### **SERVICE ADDENDUM NO. 1 TO THE POWER SERVICES AGREEMENT - (RESOLUTION 09-03)**

Chair Manfredi explained Resolution 09-03 would authorize Service Addendum No. 1 to the Power Services Agreement (PSA) between KRCD and SJVPA. Jane Luckhardt explained the structure of the Resolution wording and also stated that Service Addendum No. 1 to the PSA was the next step in the process of the new Implementation Plan for serving Phase 1 loads initially for a three year period. Ms. Luckhardt pointed out the provisions requested by the Authority Board at the previous meeting were included, and briefly explained specific paragraphs. Mr. Orth, Ms. Luckhardt and Mr. Blaising provided clarification and answered questions asked by Authority members.

Chair Manfred said Resolution 09-03 approving Service Addendum No. 1 to the PSA was before the Board for vote. Director Jeff Briltz, City of Lemoore, pointed out in the Service Addendum 1, on page 4, item 5.2.3 a wording change was needed (“pursuant to either of the following”), which will be made before execution. Scott Blaising said Director Rocky Rogers, City of Reedley, discovered a typo in 4.1.1 (“KRCD to enter into”), and there was a numbering error in 5.3.3, both of which will be corrected prior to execution. By motion made and amendments approved by Director Don Pauley, City of Kingsburg, seconded and amendments approved by Director Gary Misenheimer, City of Hanford, and approved on a voice vote (voting shares: 93.29% approved, 6.71% absent, 0% opposed) the Resolution 09-03 was approved.

### **ENERGY SUPPLY CONTRACT REVIEW**

Dave Orth discussed the general structure of the proposed Phase 1 energy supply contract, referencing the standard Edison Electric Institute (EEI) agreement which is commonly used in the industry. Orth then asked Patrick Mealoy to provide more detail.

Patrick Mealoy, Navigant Consulting, went through a PowerPoint presentation providing background and explaining the requirements necessary for the Edison Electric Institute (EEI) master power purchase and sales agreement. Most entities contracting for energy supply use this standard form, including PG&E and SCE. The EEI contract consists of two main parts, a cover sheet defining the general terms, such as collateral and termination, and a confirmation letter providing the specifics. Mr. Mealoy compared the differences discovered in the data provided by PG&E to potential energy supply providers and to Navigant, acknowledging that the data being provided now is accurate. Mr. Orth and Ms. Luckhardt interjected further explanations that the energy supply contract previously negotiated with Citigroup was unique due to the financial prepay provisions and other reasons. Ms. Luckhardt stated the standard EEI agreement format is suitable for the Phase 1 supply.

Mr. Orth introduced Jeff Bush, Sempra Energy Solutions, one of the potential energy service providers. Mr. Orth reminded the Board that the SVJPA and Sempra have entered into a master data management agreement for billing and information processing. Mr. Bush addressed the Authority Board with a PowerPoint presentation saying Sempra is a large provider of direct access services available in certain areas of the United States. Mr. Bush explained the history of Sempra, its joint

partnership with the Royal Bank of Scotland (RBS), and Sempra Commodities which is the business unit.

Mr. Orth summarized, noting that the implementation strategy has not changed, just the contract strategy has changed. Mr. Orth said consistent with the Implementation Plan, the intention is to provide service to four distinct phases of CCA customers in the combined service areas within a defined time period. Orth said the initial contract focus is now on Phase 1, for a period of at least 36 months, and that separate contracts would be developed to serve Phases 2, 3, and 4 as defined in the Implementation Plan, noting further that the objective was to serve all four phases within approximately 18 months from Phase 1 start up. Mr. Orth responded to Director Briltz's question that the Renewables, Resource Adequacy and Ancillary Services are all being addressed as part of the Phase 1 contracting. Mr. Orth said when the form of agreement is ready, it will be provided for review.

### **CONSENT CALENDAR**

Chair Manfredi reported the Financial Statements for the month ended March 31, 2009, would be voted on for approval. 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: 79.36% approved, 20.64% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the month ended March 31, 2009.

### **APPROVAL OF MINUTES**

Chair Manfredi asked if there were any corrections or clarifications to the draft Minutes of the March 26, 2009 meeting as distributed, and if not the Minutes would be voted on for approval. By motion made by Director Robert Ford, City of Clovis, seconded by Director Rocky Rogers, City of Reedley, and approved on a voice vote (voting shares: 79.36% approved, 20.64% absent, 0% opposed) the Minutes of the March 26, 2009 Authority Regular Board Meeting were adopted.

### **NEXT MEETING DATE**

The Authority Board discussed the date of May 28, 2009 at 2:00 p.m. for the next regular meeting of the Board at the offices of KRCD. Director Pauley said he would not be available for the May 28 meeting.

### **RECESS**

At 3:31 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 3:34 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 3:39 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.

**ADJOURNMENT**

There being no further business, Board Chair Manfredi adjourned the meeting at 3:40 p.m.

Respectfully submitted,

Secretary