

**San Joaquin Valley Power Authority  
Minutes  
Rescheduled Regular Board Meeting  
June 4, 2009**

Minutes of the Rescheduled May Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held June 4, 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**

Absent

**CITY OF HANFORD**

Director Gary Misenhimer

**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

**CITY OF REEDLEY**

Director Rocky Rogers

**CITY OF SANGER**

Alternate Director John Mulligan

**CITY OF SELMA**

Alternate Director Roseann Galvan (arrived at 2:06 p.m., after roll call)

Margaret Clayton, 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 86.30% voting shares (adjusted at 2:06 p.m. to eleven (11) Authority Member Agencies present for a total of 93.01% 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.  
Margaret Clayton, Kings River Conservation District  
Ray Gish, Pacific Gas & Electric  
Melissa Hunter  
Shannon Koontz, Pacific Gas & Electric  
Jane Luckhardt, Downey Brand LLP  
David Orth, Kings River Conservation District  
Steve Stadler, 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**

Jeff Adolph, Pacific Gas & Electric (PG&E), asked if the Authority members had seen the letter from David Rubin emailed to them recently regarding a rate filing by PG&E forecasting a 15% reduction in generation rates in 2010. Mr. Adolph reported PG&E expects the Department of Water Resources (DWR) to lower their costs in the near future which will result in a further reduction in generation rates by PG&E. Chair Manfredi commented that PG&E rate reductions would be good news.

## **REPORT FROM THE DIRECTORS**

Alternate Director Robert Ford, City of Clovis, addressed the Authority members concerning a letter to the Mayor of the City of Clovis dated May 29, 2009, in which David Rubin of PG&E made comments about statements made during a CCA update at the May 11, 2009 Clovis City Council meeting. Mr. Ford said Mr. Rubin's letter referred to obligations that SJVPA member agencies would have for Development and Start-up Costs incurred by KRCD for the CCA program. Mr. Ford stated that answers to that question have been made multiple times but PG&E continues to choose not to understand.

Chair Manfredi read the required disclaimer, then gave his personal thoughts and concerns on the May 29, 2009 letter from Mr. Rubin, as well as two other letters from Mr. Rubin dated March 24, 2009 and April 2, 2009, in which inaccuracies were printed regarding the rates that member agencies pay. Manfredi noted the second letter only partially corrected those incorrect statements by Mr. Rubin. Manfredi said he had recently re-read Section 9.2 of the Power Services Agreement (PSA) which clearly addresses the issue of financial liability along with opt-out and 5% lower rate and 2% margin. Manfredi noted that the PSA specifically states that the Authority Board will determine the appropriate method and rate and time to reimburse KRCD for Development and Start-up Costs. Chair Manfredi asked general counsel Jane Luckhardt to confirm that his preceding statements were accurate, and she answered that his statements were correct. Manfredi said that he believes the

misstatements in Mr. Rubin's letters are a violation of the Settlement Agreement between SJVPA and PG&E, and would like staff and general counsel to write a letter expressing those feelings and facts.

Director Rocky Rogers, City of Reedley, asked and Mr. Ford answered that he had not known about the letter to his Mayor before it was sent. Alternate Director John Mulligan, City of Sanger, reported that he too continues to have to explain how the Development and Start-up Costs will be repaid, the Phase-in concept and other issues even though he has provided that information many times. Director Jeff Briltz, City of Lemoore, offered that clarification by both parties to the agreement (the KRCD Board and the Authority Board) should be provided stating that they both understand and agree to the terms of the agreement.

Chair Manfredi recognized Shannon Koontz, PG&E who stated that as they see Section 9.2.1 and 9.2.2 of the PSA, the SJVPA members could be responsible for repayment of the Development and Start-up Costs as CCA customers. Ms Koontz stated that she had discussed that view with Dave Orth, claiming he understood how they see it.

Mr. Orth responded, noting that he had explained to PG&E that the language to consider is that this is "an item to be determined under the discretion of the Authority Board in the future" once the program is set and appropriate rates of repayment are determined and from what customer classes. Orth again explained that once the Board establishes the obligation, then it is an obligation of the customer, and not until that time. Orth said it is not KRCD's intent to seek 100% reimbursement on day one of the program, and has expressed these facts clearly at multiple venues and several communications on behalf of both KRCD and as a representative of SJVPA.

At this point, General Counsel Jane Luckhardt, Downey Brand, intervened to remind everyone the meeting was currently under Director's report, not Public Comments, so the Board was not obligated to recognize someone who is not part of the Board or staff.

Authority members continued their discussion and decided that a joint response letter to the Mayor of the City of Clovis from both KRCD and the Authority was appropriate to clarify the misstatements in David Rubin's letter of May 29, 2009. Special Counsel Scott Blaising, Braun Blaising and McLaughlin expressed concern regarding the time and effort that goes into responding to each issue brought up by PG&E. Mr. Orth said he would draft a letter to be reviewed by counsel and reviewed and signed by the KRCD President and SJVPA Chair.

Director Gary Misenhimer, City of Hanford, reported on a letter he and the Mayor of Hanford received from John Honnette of Kingsburg dated May 29, 2009, regarding the proposed Community Power Plant (CPP) site in Parlier. Director Pauley stated that the City of Kingsburg had also received the letter, and he has met with Mr. Honnette and responded to most of his concerns. Mr. Orth said Mr. Honnette has corresponded with the KRCD Board, and spent time with Cristel Tufenkjian, KRCD, and others asking specific questions relative to the CPP. Orth said he would provide copies of the letter to the Authority members.

## **REPORT FROM THE GENERAL MANAGER**

Regulatory Update: Dave Orth, KRCD, asked Scott Blaising to provide an update on regulatory matters.

Mr. Blaising reported that the letter received from PG&E regarding forecasted reduction in rates for 2010, discussed earlier on the agenda, is part of PG&E's annual Energy Resource Recovery Account (ERRA) filing. Blaising explained ERRA is a balancing account set up to reconcile power purchase costs of the utility over the year. Mr. Blaising said he anticipates the filing will be protested by others challenging the reasonableness of the figures used in the filing.

Investor Owned Utilities' Activities: Mr. Orth reported that Marin County had received a memorandum from PG&E's Public Affairs Manager identifying an approximately 9.2% decrease in average rates in the ERRA filing. Orth pointed out that the Authority is being told 15% decrease for generation only, with the system average rate being 9.2%. The PG&E memorandum to Marin also mentioned PG&E's ongoing plan to significantly expand their solar, thermal, electric power position and other positions relative to solar production; Orth noted that PG&E's renewable plans will impact rate schedules going forward because we know solar is more expensive than other traditional energy sources.

Mr. Orth stated that he had previously reported that PG&E had voluntarily agreed to withdraw the early opt out option from its website and use of the tri-fold flyer, but has now been advised that PG&E has not agreed to do so. The issue has been discussed with the Energy Division staff at the California Public Utility Commission (CPUC) where the matter will be addressed.

Status of Settlement Implementation: Mr. Orth said SJVPA and PG&E representatives held a teleconference on April 29, 2009 to discuss the concerns of both sides about false and misleading information, processes and questions, including the opt out provision and representations made regarding reliability within the greater Fresno area energy system.

Status of Resource Development: Mr. Orth reported on discussions with Cleantech regarding the master agreement for the 80 MW solar project to support the renewable objectives of the Community Choice program. Orth said the proposed the Implementation Plan phasing aligns with Cleantech's project development schedule and reconfirmed terms and conditions of the power purchase agreements being negotiated.

Mr. Orth reported on the status report presented to the Clovis City Council on May 11, 2009, wherein he provided an overview of Modification No. 3 to the Implementation Plan, and the conditions leading to the proposed change in focus. The Clovis City Council voted 4 – 1 to continue with this phase of the program.

Status of Other CCA Programs: Mr. Orth reported that Marin Clean Energy (Marin) issued a Request for Proposal (RFP) for full requirements energy suppliers last month with responses due July 20, 2009. Orth reminded the Board that the Marin plan intends to offer its customers the option of 100% renewable product or a 50% renewable product over a phased in period. Orth said the Marin Implementation Plan should be finalized and begin processing by the CPUC later this year.

Mr. Orth reported the San Francisco Public Utility Commission (PUC) has a Request for Qualification (RFQ) out to prequalify potential energy suppliers to support their program objectives, with responses due June 5, 2009. Orth said San Francisco PUC expects to issue a RFP this fall.

Mr. Orth briefed the Authority on a copy of a letter from Robert Lee Pence addressed to the Attorney General requesting a title and summary of a Constitutional Amendment entitled "Taxpayers Right to Vote Act". Orth said the proposed initiative that will require a 2/3 voter approval for any entity proposing to study, implement or aggregate electrical service to its customers. Orth said he received an unconfirmed report that the initiative is supported by PG&E. Mr. Blaising added that in 2005, Mr. Pence was quoted on behalf of PG&E for a similar tax measure aimed at the Sacramento Municipal Utility District in its effort to annex Yolo County.

### **PHASE 1 IMPLEMENTATION REPORT**

Chair Manfredi reported on the June 2, 2009 joint meeting of the KRCD ad hoc Power Committee and the SJVPA ad hoc Contracts committee at which a status report of Phase 1 implementation was provided and options discussed. Manfredi said the consensus was to present to the Authority Board at its June 25, 2009 meeting, the current status of electrical energy supplier negotiations, potential Phase 1 implementation dates, as well as alternatives to pursue, and recommendations on each by staff. Chair Manfredi encouraged Authority members to attend the June 25, 2009 meeting, or to brief and send the Alternate Director, so direction can be decided.

Mr. Orth added that he is currently negotiating with three parties and hopes to resolve the outstanding issues and will be prepared to present a report at the June 25, 2009 meeting. Orth also reported that staff is reviewing the comments presented by the utilities dated April 22, 2009, provided on Modification No. 3 to the Implementation Plan. Orth said the comments are being compared and evaluated against previous comments of previous versions of the Implementation Plan and will provide proposed responses to those issues at the June 25, 2009 meeting.

### **CONSENT CALENDAR**

Chair Manfredi reported the Financial Statements for the month ended April 30, 2009, and the Minutes of the April 23, 2009 Regular Board Meeting 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: 93.01% approved, 6.99% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the month ended April 30, 2009, and the Minutes of the April 23, 2009 Regular Board Meeting.

### **APPROVAL OF CONFLICT OF INTEREST CODE - (RESOLUTION 09-04)**

Mr. Orth explained that a draft of the Conflict of Interest Code was prepared and has been reviewed by counsel. Orth said the Technical Assistance Division of the Fair Political Practices Commission (FPPC) also reviewed the Code and had provided its Certification of Approval. Mr. Orth provided a brief explanation saying the Code states the requirement of the annual filing of Form 700 and any potential conflicts individuals may have in their capacity as Board member of the Authority. Orth explained that the Authority members should continue to send their completed Form

700 to Margaret Clayton at the KRCD office, where she will maintain a copy of each, and then will forward the originals on to the FPPC.

Chair Manfred said Resolution 09-04 authorizing approval of the Conflict of Interest Code for the San Joaquin Valley Power Authority was before the Board for vote. By motion made by Director Don Pauley, City of Kingsburg, seconded by Alternate Director Roseann Galvan, City of Selma, and approved on a voice vote (voting shares: 93.01% approved, 6.99% absent, 0% opposed) Resolution 09-04 was approved.

### **APPROVAL OF APPLICATION FOR CALIFORNIA ENERGY COMMISSION (CEC) PUBLIC INTEREST ENERGY RESEARCH (PIER) GRANT - (RESOLUTION 09-05)**

Chair Manfredi gave a few opening comments, followed by Dave Orth who provided background of a grant previously submitted to the California Energy Commission (CEC) under the Renewable-Based Energy Secure Communities (RESCO) program. Mr. Orth said that the Authority had been encouraged to look into the PIER Grant opportunity and have been working with Navigant Consulting to prepare the proposal. Orth introduced Steve Stadler, Chief Engineer of KRCD.

Mr. Stadler provided a PowerPoint presentation explaining the process to respond to the Request for Proposals for the Pier Grant, specifically for Technology Innovations for Buildings and Communities II. Mr. Stadler explained that he was working with Navigant Consulting on the Pier Grant that would be due on June 12, 2009. Stadler said the program we will submit is tentatively named "Valle Verde" or "Valley Green". Stadler also said the objectives of the program are to implement renewable energy technologies and promote complimentary energy storage alternatives, in order to store unused generated renewable energy for later use.

Mr. Stadler listed the four programs of the project 1) renewable energy resource study; 2) facility optimization study; 3) renewable energy secure building pilot projects; and 4) outreach and education. The entities involved in the Valle Verde team are SJVPA, KRCD, Navigant Consultants, and anticipated are Kings Canyon Unified School District and Clovis Unified School District.

Director Rocky Rogers, City of Reedley, brought up wording on Resolution 09-05 where the "California's Greater Fresno Region" was mentioned, stating that since more than just Fresno is represented, other wording should be substituted on the resolution. Mr. Orth relayed a suggestion from counsel that the edit to the Whereas clause say "the Communities" since that word is a previously defined term within the resolution.

Chair Manfred said Resolution 09-05 authorizing approval of its Application for a Pier Grant for Technology Innovations for Buildings and Communities II was before the Board for vote. By motion made, and the wording change accepted by Director Ron Hoggard, City of Corcoran, seconded, and wording change accepted by Director Rocky Rogers, City of Reedley, and approved on a voice vote (voting shares: 93.01% approved, 6.99% absent, 0% opposed) Resolution 09-05 was approved.

### **NEXT MEETING DATE**

The Authority Board discussed the date of June 25, 2009 at 2:00 p.m. for the next regular meeting of the Board at the offices of KRCD.

**CLOSED SESSION**

There were no matters to be discussed in closed session.

**ADJOURNMENT**

There being no further business, Board Chair Manfredi adjourned the meeting at 2:57 p.m.

Respectfully submitted,

Secretary