

MINUTES

REGULAR MEETING of the Executive Committee of the
Clean Power Alliance of Southern California

Wednesday, April 20, 2022, 1:30 p.m.

Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Executive Committee conducted this meeting remotely.

CALL TO ORDER & ROLL CALL

Chair Mahmud called the meeting to order at 1:31 p.m. and Gabriela Monzon, Board Clerk, conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Beverly Hills	Julian Gold	Committee Member	Remote
Camarillo	Susan Santangelo	Committee Member	Remote
Los Angeles County	Sheila Kuehl	Vice Chair	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Sierra Madre	Robert Parkhurst	Committee Member	Remote
South Pasadena	Diana Mahmud	Chair	Remote
Ventura County	Linda Parks	Vice Chair	Remote
West Hollywood			Absent

Rachel Dimond from West Hollywood was also in attendance, observing for Committee Member Horvath. (Ms. Dimond was subsequently appointed as an Alternate to the CPA Board on May 10, 2022)

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from March 16, 2022 Executive Committee Meeting

Motion: Director Gold, Beverly Hills

Second: Vice Chair Kuehl, Los Angeles County
Vote: Item 1 was approved by a roll call vote.

REGULAR AGENDA

2. Oral Update from the Chief Executive Officer on CPA Operations

Ted Bardacke, CEO, provided an update on the delayed billing issue, stating that letters and emails were sent to the most impacted customers and adding that out of the 20,000 customers affected, only 7 opt-outs were requested. Mr. Bardacke indicated that Cara Renee, Director of Communications and Marketing, will begin with CPA at the end of May. Vice Chair Parks thanked CPA staff for their appearance at an Earth Day event in the City of Thousand Oaks and requested more printed materials at future events.

3. Review Draft Agenda for May 11, 2022 Board of Directors Meeting

Mr. Bardacke reviewed the consent agenda, including the Newgen contract amendment and two contracts for prepay transaction services. Regarding Committee Member Zuckerman's question concerning cost sharing for services, Matt Langer, Chief Operating Officer, added that CPA has done so previously as it relates to legal services with California Community Choice Association (CalCCA) and Central Coast Community Energy (3CE) and will continue to seek resource sharing strategies on the technical reviews.

Mr. Bardacke reviewed several items on the regular agenda, including the rates and budget priorities and the election of a new Board chair. In response to Committee Member comments regarding ballot return by official email, Nancy Whang, General Counsel, advised that staff will explore ways to simplify the voting process. Members of the Executive Committee thanked Chair Mahmud for her excellent work as Board Chair.

4. Provide Direction on Fiscal Year 2022/2023 Rates Approach

Mr. Langer provided a recap of the 2022 rate environment and its competitive impacts, presented considerations for FY22/23 rates, and reviewed the investment-grade credit rating and its benefits and metrics. The PCIA dropped approximately 85% in 2022; SCE's generation rate increased by approximately 18% in March 2022. Both factors improved CPA's competitive position and present a rare opportunity to accelerate its progress toward achieving mid- and long-term strategic financial goals. CPA will have to balance progress toward financial targets; prepare for an adverse competitive position in 2023; acquire a credit rating; default changes; and financial resilience. Staff prepared three rate options for FY2022/23, including a low, middle, and high revenue option. All options assume product differentials are based on CPA's cost of service and are similar to last year; subset rates reset to reflect current cost of service; the CARE rate freeze ends; establish a target "Days Liquidity on Hand" (DLOH). Mr. Langer discussed 2022/23 rate options, including comparisons to SCE, noting that CPA's cash needs are seasonal, and the low revenue option make an investment grade less likely in the next year. The low revenue option projects a \$178 million contribution to the net position with 109 DLOH; the middle revenue option contributes \$236 million to the net position with 131 DLOH; and the high revenue option contributes \$265 to the

net position with 142 DLOH. The low revenue option offers a rate cut compared to last year, but the middle and high revenue options offer some continuity in rate levels. Mr. Langer provided background on CARE rate freezes and explained different options to end CARE rate freezes. All options place CPA's CARE rates at or below SCE CARE rates and close to CPA's January 2022 rates. Mr. Langer discussed the four scenarios: (a) end freeze 7/1/22; (b) end freeze 10/1/22; (c) step down rate freeze by half 7/1/22; and (d) maintain freeze for FY 22/23. Mr. Langer noted that CPA has an opportunity to dedicate up to \$10 million in additional one-time program spending under the middle and higher revenue scenarios, which could focus on member agency sustainability and resiliency needs. Mr. Langer summarized the three options and invited discussion and a consensus from the Executive Committee on a recommended Rate Approach to the Board.

Responding to Committee Member questions, staff clarified that 30% of CPA's residential customers are on CARE rates; unincorporated L.A. County CARE customers will switch to 100% Green in 2024; the highest a bill would go is 3% compared to SCE; prepayment transactions would not impact rates; each CARE scenario would reduce the DLOH; about \$17 million has been spent in 2020-2022 to benefit 77,000 customers; newly enrolled CARE customers received automatic credits and state funding was applied to unpaid bills from March 15, 2020 to July 15, 2021.

Vice Chair Kuehl observed that the medium and high revenue options appeared to have a minimal bill increase that would be tolerable for customers; Mr. Langer noted that it reflects CPA's flexibility in rate setting this year. Vice Chair Kuehl opined that ending the CARE rate freeze in October, resulting in less of a financial impact, is favorable; expressed support for option 3A; asked about state and federally funded one-time programs instead. Mr. Bardacke explained that there is an expectation that programs will be funded at the state and federal level, particularly in low carbon infrastructure, electric vehicle charging, and wildfire mitigation; but it remains unknown if funding will address local government priorities. Committee Member Gold expressed preference for building a strong fiscal position now with as many reserves as possible while considering CARE customers' bill impacts. Committee Member Parkhurst observed that a combination of factors has made energy procurement especially challenging and asked how that was factored into the options presented by staff and commented that additional program spending is needed in the community; therefore is supportive of option 3C. Mr. Langer clarified that the current financial model is based on conservative assumptions and there are no compliance impacts for FY22/23 rates, as most impacts are farther out than this fiscal year. Vice Chair Parks expressed preference for increasing reserves and getting all customers to the 100% Green rate, even if there are some increases to the Lean and Clean rates. Committee Member Lopez expressed a preference for option 3A and added she would prefer that the possibility of additional program spending be considered in October after the impact of summer volatility is clear. Regarding Committee Member Santangelo's question concerning rate stabilization, Mr. McNeil indicated CPA has a fiscal stabilization fund for generated surpluses to be used in the future to stabilize rates and allow CPA to remain competitive. Mr. Bardacke added that it would allow CPA to maintain a competitive position with SCE and still hit the minimum target of contribution to the net position. Chair Mahmud expressed support for option 3A and suggested that staff make a renewed outreach to eligible

cities regarding awareness of the Power Share Program, as the current enrollment rate is 1/3 of the target. After a round table discussion on the advantages of option 3A, the Executive Committee reached a unanimous consensus for option 3A, noting that additional program spending could be considered later after assessing the fiscal impact of this upcoming summer on CPA.

5. Review Fiscal Year 2022/2023 Budget Priorities

Mr. Bardacke provided the budget timeline, highlighted various operational priorities, and an overview of the operating expenses. Some of the operational priorities include achieving financial targets, talent acquisition and staff retention, and establishment of processes. Mr. Bardacke specified that operating expenses are projected to increase about 30% and highlighted various increase areas, including communications & mailers, customer programs, and staffing. Mr. Bardacke reviewed three organizational charts detailing filled positions, vacant positions, and proposed new positions.

Committee Member Gold suggested using consultants to evaluate CPA's scope of work and positions. Mr. Bardacke commented that there is a budget to update salary comparisons and conduct a new compensation study. In response to Vice Chair Kuehl's question concerning potential vacancies versus new positions, Mr. Bardacke emphasized the need for CPA to be at a sustainable staffing level while still recruiting new talent, adding that the addition of new positions helps deal with inevitable vacancies. In response to Committee Member Zuckerman's question, Mr. Bardacke clarified that a portion of the budget item for 'general and administrative' is not a staffing budget, but contains items such as professional development, recruiting resources, and performance management, expenses which do go up as staff size increases. Chair Mahmud noted that an additional benefit to member agencies is regulatory support; asked if the projected staffing in the regulatory area will be sufficient to address that. Mr. Langer explained that involvement in the regulatory arena is more about case management and two positions are sufficient for that; CPA plans to evaluate the use of outside consultants as well for SCE general rate cases. Concerning Chair Mahmud's question about employment contracts, Mr. Bardacke stated that it can be perceived as limiting opportunities for employees; CPA, however, has offered fully remote positions to most staff; enhancements such as free EV charging has been offered to employees as an incentive to return to the office, and all-staff gatherings are to occur two to three times a year.

COMMITTEE MEMBER COMMENTS

Committee Member Parkhurst suggested sharing energy procurement challenges discussed at the Energy Committee with the Board; Mr. Bardacke indicated that will be presented in June. Committee Members Parkhurst and Lopez shared Earth Day events in their respective cities. Chair Mahmud thanked the Committee Members for their support during her tenure as Board Chair.

ADJOURN

Chair Mahmud adjourned the meeting at 3:50 p.m.