



**AGENDA**  
**COMMUNITY ADVISORY COMMITTEE MEETING**  
**FEBRUARY 19, 2019**  
**1:00 PM**

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50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

**I. CALL TO ORDER**

**II. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

Comments are restricted to matters within the Committee's jurisdiction. The Committee will hear public comments at this time for up to thirty minutes. Please be brief and limit comments to three minutes.

**III. COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR**

1. Approve January 24, 2019 CAC Meeting Minutes

**IV. COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR**

2. Elect Chair and Vice Chair
3. Receive Internal Operations Report, Monthly Financial Report, Update on PG&E Bankruptcy, and Provide Input as Appropriate
4. Receive Legislative and Regulatory Updates and Provide Input as Appropriate
5. Review and Recommend that the Board Approve Proposed Budget Adjustments For FY 18/19 to Revenues, Energy Expenses, Service Fees to PG&E, Legal Fees, Program Expenses, and Several Additional Categories.
6. Recommend that the Board Authorize the General Counsel to Amend SCP's PG&E Bankruptcy-Related Legal Services Agreements with Boutin Jones, Inc. and Engel Law P.C.
7. Recommend Board Approval of a Contract for Construction Management Services with Sixth Dimension, LLC. at 741 4<sup>th</sup> Street

**V. COMMITTEE MEMBER ANNOUNCEMENTS**

**VI. ADJOURN**

*PUBLIC COMMENT* Members of the public may speak to agenda items; up to three minutes per speaker, to be determined by the presiding officer. If you wish to address the Committee on any issue that is on this agenda, please complete a speaker card located on the table at the entrance to the Board Room, and deliver it to the Clerk of the Board prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the Committee, but it is very helpful.

*DISABLED ACCOMMODATION:* If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact the Clerk of the Board at (707) 890-8491, as soon as possible to ensure arrangements for accommodation.

## COMMONLY USED ACRONYMS/TERMS TO KNOW

|                   |   |
|-------------------|---|
| <b>CAC</b>        | Community Advisory Committee  |
| <b>CAISO</b>      | California Independent Systems Operator   |
| <b>CAM</b>        | Cost Allocation Mechanism   |
| <b>CCA</b>        | Community Choice Aggregation  |
| <b>CEC</b>        | California Energy Commission  |
| <b>CleanStart</b> | SCP's default service   |
| <b>CPUC</b>       | California Public Utility Commission  |
| <b>DriveEV</b>    | Drive EverGreen   |
| <b>ERRA</b>       | Energy Resource Recovery Account  |
| <b>EverGreen</b>  | SCP's 100% renewable, 100% local energy service   |
| <b>Geothermal</b> | A locally-available, low-carbon baseload renewable resource   |
| <b>GHG</b>        | Greenhouse gas  |
| <b>IOU</b>        | Investor Owned Utility (e.g., PG&E)   |
| <b>JPA</b>        | Joint Powers Authority  |
| <b>MW</b>         | Megawatt (Power = how fast energy is being used at one moment)  |
| <b>MWh</b>        | Megawatt-hour (Energy = how much energy is used over time)  |
| <b>NEMA</b>       | Net Energy Metering Aggregation (referred to as NetGreen Aggregation for SCP customers) allows customers to share electricity production from one generation system across multiple meters and properties. This does not allow for net surplus compensation.  |
| <b>NEMV</b>       | Virtual Net Energy Metering (referred to as Virtual NetGreen for SCP customers) allows customers to generate and share electricity production between multiple customers on the same property.  |
| <b>NetGreen</b>   | SCP's net energy metering program which gives its customers financial credit for generating electricity.  |
| <b>PCIA</b>       | Power Charge Indifference Adjustment ( <i>This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&amp;E prior to their switch.</i> )   |
| <b>ProFIT</b>     | SCP's "Feed in Tariff" program for larger local renewable energy producers  |
| <b>PV</b>         | Photovoltaics for making electric energy from sunlight  |
| <b>REC</b>        | Renewable Energy Credit – used to track all renewable energy for compliance in California, but also colloquially used to refer to a specific subset of REC called an "unbundled REC" where the environmental attributes of renewable energy are sold separately from the energy. SCP does not use "unbundled RECs". |
| <b>SCP</b>        | Sonoma Clean Power  |
| <b>SCWA</b>       | Sonoma County Water Agency  |
| <b>TOU</b>        | Time of Use, used to refer to rates that differ by time of day and by season  |



**DRAFT MINUTES**  
**COMMUNITY ADVISORY COMMITTEE MEETING**  
**January 24, 2019**  
**1:00 PM**

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50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

**I. CALL TO ORDER**

Chair Dowd called the meeting to order at 1:00 p.m.

Committee Members Present: Brophy, Chaban, Dowd, Mattinson, Nicholls, and Quinlan.

Staff Present: Geof Syphers, Chief Executive Officer; Stephanie Reynolds, Director of Internal Operations; and Jessica Mullan, General Counsel.

**II. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

None

**III. COMMUNITY ADVISORY COMMITTEE CONSENT CALENDAR**

1. Approve November 29, 2018, CAC Meeting Minutes

Motion to approve the November 29, 2018 meeting minutes by CM Quinlan.

Second: CM Chaban

Motion passed: 6-0-0

*CM Sizemore arrived at approximately 1:15 p.m.*

Motion to amend the November 20, 2018 meeting minutes by CM Brophy.

Second: CM Quinlan

Motion passed: 7-0-0

*The motion to amend the November 20, 2018 meeting minutes was in response to public comment under Item #3 on the agenda; please see minutes for Item #3 for additional details on the amended motion.*

#### **IV. COMMUNITY ADVISORY COMMITTEE REGULAR CALENDAR**

##### **2. Receive Update on SCP Mission Statement Project**

Director of Public Affairs and Marketing, Kate Kelly, recapped SCP's rebranding effort, which includes a recent brand reimagining, new website, and the pending mission statement update. Director Kelly outlined the goals of the mission statement update, and work to date on the project, which includes surveys and phone interviews from stakeholders such as Board members, CAC members, and SCP staff. Director Kelly anticipates that the new mission statement will debut in March.

Public comment:

Woody Hastings, Center for Climate Protection, suggested staff reference the existing mission statement in future presentations of this item and that staff reach out to customers for feedback as well.

Director Kelly highlighted past efforts to reach out to ratepayers for feedback during the brand refresh.

##### **3. Receive Operations Report and Provide Input as Appropriate**

Director of Internal Operations, Stephanie Reynolds, advised the CAC that SCP is currently recruiting for the following positions: Risk and Regulatory Compliance Officer and Chief Operating Officer.

Director Reynolds then detailed the load deviation issue, which staff continues to investigate. CM Brophy asked about next steps and CEO Syphers detailed some potential sources for the deviation such as metering protocol and changes in cannabis industry practices; SCP staff will be meeting with PG&E on this matter in the near future.

Director Reynolds provided an update on the Cloverdale ProFIT contract, stating construction is underway, with an estimated start of delivery in March of this year.

Customer Service Specialist Danielle Baker detailed SCP's recent billing improvements, which include uniform formatting for easier reading and the addition of a Spanish language billing option.

Director Reynolds gave a brief overview on the following initiatives underway by Programs: electrification of local transit agencies, energy

efficiency toolkits, induction cooktops, non-profit EV program, DriveEV results dashboard, Advanced Energy Rebuild, and the Lead Locally grant.

CM Chaban asked about the incentive amount for non-profit EV purchases and Director of Programs Stillman confirmed that the incentive is for \$12.5k and the program funds expire at the end of the fiscal year. CM Mattinson asked about the expected opening date for the Energy Marketplace storefront and CEO Syphers stated that a specific date is premature at this point, given some unanticipated issues with code compliance in the space. CM Quinlan asked about sales projections being lower than anticipated; CEO Syphers clarified that this is due to load deviation and that income and expenses are both lower as a result. CM Brophy asked whether the cost of electrification of bus fleets is justified by potential CO<sub>2</sub> reductions; CEO Syphers stated his belief that this will have a significant impact on greenhouse gas reductions, although this cannot be measured at this time.

Public comment:

Mike Turgeon, Friends of the Climate Action Plan, asked about low carbon reach codes.

Steve Pierce, Sebastopol resident, asked whether there will be increased marketing of the EverGreen program, plans for future ProFIT projects, and the value of using measurable metrics for evaluating future programs such as the electrification of local transit.

Woody Hastings, Center for Climate Protection, spoke in support of evaluating whether electrification of local transit agencies is justified from a cost perspective in relation to CO<sub>2</sub> reductions, and the value of cost-benefit analysis in determining program priorities.

Andy Ferguson, Friends of Climate Action Plan, offered clarification on his public comment included in the November 29, 2018 CAC meeting minutes. Chair Dowd subsequently requested that the CAC amend the meeting minutes to read as "PAYS" vs "PACE.

Motion to amend the November 29, 2018 meeting minutes by CM Brophy.

Second: CM Quinlan

Motion passed: 7-0-0

CEO Syphers then detailed the likely PG&E bankruptcy reorganization and SCP's engagement of bankruptcy counsel. He advised the CAC of an upcoming closed session meeting of the Board of Directors relating to bankruptcy litigation to protect SCP's interest, as this requires Board direction per the JPA. CEO Syphers then relayed his understanding that PG&E has made public statements regarding their commitment to honoring customer payments to SCP and other CCAs.

CM Brophy asked if PG&E is required, under legislation, to provide power under a Chapter 11 bankruptcy. CEO Syphers stated that he believes this is the case but he can't quote a specific code at this time; however, given PG&E's monopoly status, there is a certain duty to serve and it's unlikely they could simply stop providing services.

CM Quinlan asked if SCP has any reason to suspect that there are any contracts between SCP and PG&E that they may attempt to restructure; CEO Syphers declined to answer. CM Quinlan asked about accounts receivable and CEO Syphers stated that he can't answer specifically.

CM Sizemore asked about possibility of including undergrounding as part of restructuring; CEO Syphers stated he does not know beyond what has been reported in media.

Public comment:

Andy Ferguson asked about ongoing costs for grid safety and reliability, and whether this has been discussed at the State Legislature.

Woody Hastings asked about the report-out for the upcoming closed session of the Board of Directors and when that would be available.

#### 4. Receive Legislative and Regulatory Updates and Provide Input as Appropriate

Director Reardon detailed the CalCCA application for rehearing of the PCIA decision, which was not taken up by CPUC within 60 days; therefore, the application is considered denied. Potential next steps include taking an appeal to the courts or legislative remedies.

CEO Syphers stated that CalCCA is pursuing a bill around transparency and mitigation of costs for ratepayers, which will be made public on February 22<sup>nd</sup>. He then discussed a proposed bill by Senator Bradford that would restructure PG&E and that recently retired CPUC

Commissioner Peterman was assigned to PG&E restructuring efforts by Governor Newsom.

Chair Dowd voiced support for pursuing legislative solutions as opposed to regulatory solutions,

5. Receive, Comment and Recommend Board Approval of SCP Programs Strategic Action Plan

Director of Programs, Cordel Stillman, provided the biannual Strategic Action Plan update to the CAC. Director Stillman highlighted the success of the following programs: DriveEV, GridSavvy, the Education Program for Schools, Induction Cooktops, Advanced Energy Rebuild, and the Lead Locally grant project.

Director Stillman detailed new programs that have been added, such as pursuing a grant from the California Energy Commission for EV charging stations in tandem with local air districts; working with local transit agencies to identify electric infrastructure needs; and expanding Level 3 charging sites throughout SCP's service territory. He then stated that the following programs have been discontinued: DriveEV, workplace charging stations, model home development, and that the ProFIT program has migrated out of Programs into the Procurement Division.

Chair Dowd voiced support for amending the executive summary to note that stimulation of the local economy is done through distributed energy, energy efficiencies in residential & commercial buildings, and with the creation of local jobs. He also suggested that there be a program on encouraging SCP's participating jurisdictions to adopt EverGreen as an action plan.

CM Mattinson asked about the number of participants in the Demand Charge Reduction Program. Director Stillman stated that of the nineteen large commercial and regular commercial customers that have been contacted, at least 2 or 3 are moving forward with the program.

CM Sizemore voiced support for low-income vehicle owners, and Director Stillman recapped efforts through the DriveEV program to offer a greater vehicle rebates to low-income individuals (\$4,000 as opposed to \$2,000).

Public comment:



Mike Turgeon spoke in support of adopting EverGreen by participating jurisdictions.

Andy Ferguson noted the difficulty of using PG&E billing to promote SCP's program development and inquired whether participating jurisdictions can use their local water utility to send mailers.

Motion to Recommend Board Approval of SCP Programs Strategic Action Plan by CM Nicholls.

Second: CM Sizemore

Motion Passed: 7-0-0

#### 6. Receive Update and Discussion on 431 E Street

Director Stillman advised the CAC on progress to date, current design status, a timeline for the project bid date, and the proposed energy enhancements, e.g., solar array, car charging, battery storage, and interactive grid controls.

Chair Dowd voiced his support for energy enhancements and efficiencies in the building and recommended allowing for a longer timeframe for construction.

CM Brophy asked about the cost estimates and whether these numbers reflect earlier cost estimates for the project; CEO Syphers clarified that this is not the case, as construction costs have increased due to greater demand following the 2017 fires. CM Brophy then voiced support for increased use of reserve Program Funds and the need for energy enhancements and efficiencies at the building.

CM Quinlan asked about load shifting and other demonstration technologies, and whether there is available grant funding. Director Stillman stated that battery storage may be eligible from the Self-Generation Incentive Program but otherwise funding is unlikely. CM Quinlan then asked about anticipated payback period. CEO Syphers stated that this information could be brought back during later budget discussions.

Public comment:

None

Chair Dowd reiterated his support for recommendation to the Board of Directors for energy efficiencies and enhancements as a future agenda item.

**V. COMMITTEE MEMBER ANNOUNCEMENTS**

None

**VI. ADJOURN**

Chair Dowd adjourned the meeting at approximately 2:45 p.m.



## Staff Report – Item 02

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To: Sonoma Clean Power Authority Community Advisory Committee

From: Stephanie Reynolds, Director of Internal Operations

Issue: Election of Chair and Vice Chair for 2019

Date: February 19, 2019

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### **Requested Committee Action:**

Appoint the Chair and Vice Chair of the CAC for the remainder of 2019.

### **Background:**

Annually, at a meeting held in the first few months of the calendar year, the committee appoints a Chair and Vice Chair to serve the remainder of the year and the first month or two of the next year until a new Chair and Vice Chair are appointed. Nominations by CAC members are made for the positions and then confirmed by a majority vote of the members present at the meeting. There are no limitations to how many terms a member may serve and a member may choose not to accept the nomination.



## Staff Report – Item 03

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To: Sonoma Clean Power Authority Community Advisory Committee

From: Stephanie Reynolds, Director of Internal Operations  
Geof Syphers, CEO

Issue: Receive Internal Operations Report, Monthly Financial Report, Update on PG&E Bankruptcy, and Provide Input as Appropriate

Date: February 19, 2019

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### **PG&E BANKRUPTCY UPDATE**

On January 29, 2019, Pacific Gas and Electric formally filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code. SCP negotiated with PG&E to successfully ensure the release of CCA billing revenues. To date, no comprehensive restructuring plans have been advanced. However, the CPUC has an Order Instituting Investigation in PG&E’s Safety Culture, in which CalCCA recently made a number of recommendations on PG&E’s potential restructuring, including converting the company into a “wires only” business more focused on the safety of the distribution and transmission systems.

### **FORMS 700**

The Fair Political Practices Commission (FPPC) requires individuals serving as board or committee members of a public agency, as well as employees designated in the public agency’s “Conflict of Interest Code,” to file an annual “Statement of Economic Interests,” commonly-known as “Form 700.” You will be contacted by the Clerk of the Board with the forms and instructions to complete them and return directly to SCP by April 2, 2019.

### **BUILDING UPDATE**

The estimated schedule reported at the January CAC meeting is unchanged and is as follows:

- Completion of Detailed Design – March 2019

- Completion of Construction Documents – June 2019
- Bid Construction Project – June 2019
- Award Contract – September 2019
- Begin Construction – October 2019
- Complete Construction – October 2020

Note: This schedule represents targeted completion dates, assuming everything (e.g., permits, contract negotiations, subcontractor coordination) is working normally, and will be updated on a regular basis.

### **EVERGREEN OUTREACH TO MEMBERS**

Commercial Accounts Manager, Nathan Kinsey, is currently analyzing the Municipal-wide data for all of the jurisdictions in Sonoma and Mendocino Counties for the calendar year of 2018. Due to the large quantity of accounts within a City, Town or Unincorporated County territory, various meter read dates occur across a given month for each jurisdiction (beginning, middle and end of the month). Due to limitations in our Customer Relationship Management (CRM) database, these meter read schedules present an issue when attempting to pull account data for a customer that is intended to reflect a 12 month period, as some meters can over and under report the quantity of meter read dates based on the report criteria selected. This can result in 13 months and 11 months of data reflected for some meters, which is deemed too inaccurate by SCP standards. As a result, customized logic is being utilized by our meter data management company, Calpine Solutions, to generate an accurate 12 month report for each meter within a jurisdiction's territory. This report will be available for each jurisdiction later in February and March, beginning with Sebastopol, Cotati, and the Counties of Mendocino and Sonoma, as these have been requested directly from our Board of Directors representing these communities.

## CURRENT PARTICIPATION

| TOWN_OR_TERRITORY                      | Energy use (kWh)<br>12/1/2017- 12/1/2018 | % of Participation<br>1-29-19 |
|--|--|-------------------------------|
| CLOVERDALE INC                         | 30,147,950                               | 83.80%                        |
| COTATI INC                             | 29,082,510                               | 90.80%                        |
| PETALUMA INC                           | 278,407,660                              | 88.80%                        |
| ROHNERT PARK INC                       | 170,742,970                              | 88.40%                        |
| SANTA ROSA INC                         | 621,314,080                              | 88.90%                        |
| SEBASTOPOL INC                         | 33,254,790                               | 91.20%                        |
| SONOMA INC                             | 51,101,140                               | 86.70%                        |
| UNINC SONOMA CO                        | 776,136,760                              | 87.10%                        |
| WINDSOR INC                            | 88,597,880                               | 87.60%                        |
| <b>SONOMA CO. TOTAL</b>                | <b>2,078,785,750</b>                     |                               |
| FORT BRAGG INC                         | 35,075,650                               | 82.20%                        |
| POINT ARENA INC                        | 2,568,660                                | 86.40%                        |
| WILLITS INC                            | 32,189,280                               | 80.90%                        |
| UNINC MENDOCINO CO                     | 265,302,780                              | 78.90%                        |
| <b>MENDOCINO CO TOTAL</b>              | <b>335,136,370</b>                       |                               |
| <b>SONOMA + MENDOCINO CO<br/>TOTAL</b> | <b>2,413,922,120</b>                     | <b>224,732 Accounts</b>       |

## LOAD DEVIATION UPDATE

Staff continues to research the load deviations that were reported on in the last few meetings. For the past several months, SCP customer load has been about 7% below forecast. This is more than normal deviation and appears to be largest with residential customers. Staff met with PG&E on February 5th to discuss the load decline issue. Together, it was determined that there is a subset of residential customers that use significantly more than normal residential customers (“super-users” that use 7x- 300x the normal residential customers). These residential “super-users” make up less than 1% of residential customers, but more than 10% of residential load. They also tend to be on EV or Time-of-Use (TOU) residential rates and appear to be mostly mobile home parks and residences that are conducting non-residential functions within the home. Staff has identified that a significant portion of these customers have closed accounts or reduced their load drastically in 2018 from previous years. The decrease in load from these customers alone appears to account for around half of the residential load decline. Given that these customers make up

only 1% of our residential accounts, staff believes that it is reasonable that normal forecasting variables (i.e. weather, net-metered solar, energy efficiency, price-shock from electricity bills during 2017's record setting temperatures) would account for the remaining deviation.

We have also received reports from PG&E that as normal E-1 flat residential rate users are switching over to TOU rates, their average total daily usage is declining on average up to almost 1%. The departure and decline of "super-user" residential load and the residential TOU has had a significant effect on load and staff will be adjusting forecasts to account for this.

## **UPDATED MISSION STATEMENT**

At the recent Board of Directors meeting on February 7<sup>th</sup>, SCP's Director of Public Relations and Marketing, Kate Kelly, outlined the process followed to update SCP's mission statement and Director Harrington revealed the new statement, which will also be presented by staff at this meeting.

## **TREE PLANTING PARTNERSHIP**

As part of our partnerships with the Sonoma and Mendocino Land Trusts, we have asked that they provide us periodic updates of how the funds provided on behalf of our EverGreen customers are being used. The Mendocino Land Trust provided us with the below update for the 2018 calendar year.

Mendocino Land Trust spent \$3,400 in 2018 on tree planting. The project was at Ridgewood Ranch in Willits, where the land trust holds a large conservation easement. Ridgewood Ranch on the Willits Grade suffered about 1,000 burned acres in the Redwood Complex fire in 2017. Acorns have already begun to self-seed and sprout, so our project consisted of placing wire cages and stakes around these young seedlings to protect them from browsing.

We leveraged Sonoma Clean Power funds because the tree planting project was designed and led by a college student at Humboldt State University as part of her senior project, saving on staff time that would have been spent in planning. On December 2, 2018 we had two staff members and several volunteers on hand together with the college student, to create the wire cages around a number of oak tree seedlings and stake them in for long-term stability. The weather was cold and rainy, but they managed to install at least 30 of the 40 planned cages to protect the young tree seedlings. The project will be finished with the remaining ten cages as soon as possible. The remaining funds from last year will carry forward for more work to be done in 2019.

In 2018 SCP had 267 customers upgrade to EverGreen. Our donation for those sign ups has already been initiated and will go towards future plantings. As a reminder, we donate \$10 per upgrade to be split between the two land trusts for future

projects. Once we get through the rest of this winter, we should have an update from the Sonoma Land Trust.

## **PROGRAMS**

### *Electrification of Transit Vehicles*

We have cooperated with the four local transit agencies on a scope of work to determine infrastructure and planning needs to take their bus fleets to electric propulsion. An RFQ for consulting services was issued to select a firm to do the necessary investigations and four Statements of Qualifications came back. Staff is currently reviewing those statements.

### *Advanced Energy Rebuild*

In total, 163 homes have applied for Advanced Energy Rebuild, about one third of which have chosen to rebuild all-electric homes. On January 29<sup>th</sup>, SCP helped organize a webinar on carbon-free cooking and fireplace options for homeowners. A total of 129 people signed up for the webinar. The Rebuild Green Expo, which SCP is sponsoring, is scheduled for February 22<sup>nd</sup> at the Veteran's Hall. SCP staff will be in attendance to talk about the Advanced Energy Rebuild program and lend out induction cooktops.

### *Low Carbon Reach Codes*

SCP sent out an e-mail looking to connect with staff members of any SCP jurisdictions looking to pursue "all-electric" reach codes as a part of the 2020 energy code update. An all-electric reach code would mandate that all new construction within that jurisdiction use high efficiency electric equipment, significantly reducing the greenhouse gas emissions of new construction buildings. Initial talks are underway with the City of Santa Rosa, County of Sonoma, Town of Windsor, and the City of Cloverdale.

### *Induction Cooktops*

Induction Milestone: We have just reached 100 induction cooktop checkouts! Thanks to everyone who helps with this program!

### *Non-Profit EV*

This program provides incentives to local non-profit organizations to purchase or lease an Electric Vehicle. To date, we have had 5 organizations (2 in Mendocino & 3 in Sonoma County) purchase or lease an EV with SCP's help and have two other organizations (LandPaths & Sonoma County Medical Association) sign a contract and are in process of acquiring a vehicle.



### *Lead Locally (CEC Grant)*

The Lead Locally Research Team has executed participation agreements with 10 of the 15 pilot homes and is currently performing energy audits to assure each home is a viable site for the applied research experiments for advance technologies including: heat pump water heaters, radiant ceiling heating and cooling panels, residential attic phase change materials, and air to water heat pumps. The next step is to install the pre-monitoring instrumentation and evaluate the baseline energy use prior to the addition of those new technologies. A Phase 2 research study on daylighting retrofits for 3 commercial properties will occur this spring. Additionally, TLCD Architecture is developing a schematic design for the renovations of the Advanced Energy Center at 741 4<sup>th</sup> St. A meeting with City of Santa Rosa staff to discuss structural concerns is needed prior to finalizing this phase of the design. Following this meeting with the City, an update to the renovations and design plan will be made to both the CAC and Board.

## **MONTHLY COMPILED FINANCIAL STATEMENTS**

The winter rate season continues into December, a period where aggregate rates are greater than in the winter season. The year-to-date growth in net position is slightly below projections due primarily to lower than anticipated electricity sales. Year-to-date electricity sales reached \$93,352,000.

Electricity sales (as reported on the Statement of Revenues, Expenses and Changes in Net Assets) is being offset by our estimate of uncollectible accounts, which is currently set at approximately 0.5% of electricity sales. As historical data is gathered on the collection patterns specific to SCP customers, this rate will be revisited and adjusted as necessary. Note that the accounts receivable line on the Statement of Net Position is presented net of allowance for uncollectibles.

SCP continues to procure electricity from multiple sources. Net position reached a positive \$88,522,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately \$50,664,000, \$9,132,000, and \$1,082,000 is considered set aside for operating, project and collateral reserves, respectively.

## **BUDGETARY COMPARISON SCHEDULE**

The accompanying budgetary comparison includes the 2018/19 budget approved by the Board of Directors in May 2018.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2018/19 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration

for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is under the year-to-date budget by approximately 5%.

The cost of electricity is also slightly under budget-to-date by approximately 8%. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

Major operating categories of Data Management fees and PG&E Service fees are based on the customer account totals. While Data Management fees are closely aligned to the annual budgeted amount, PG&E fees exceed the year-to-date budget due to a change in the per meter rate, with an unexpected MDMA fee added. SCP intends to adjust the budget for this category in future months.

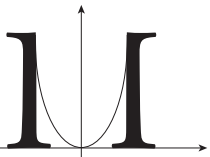
#### **UPCOMING MEETINGS:**

BOD MEETING - MARCH 7, 2019

CAC MEETING - MARCH 25, 2019

BOD MEETING - APRIL 4, 2019

CAC MEETING - APRIL 16, 2019



## ACCOUNTANTS' COMPILATION REPORT

Management  
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of December 31, 2018, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

*MAHER ACCOUNTANCY*

San Rafael, CA  
January 28, 2019



# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION

As of December 31, 2018

### ASSETS

|   |                    |
|---|--------------------|
| Current assets                              |                    |
| Cash and cash equivalents                   | \$ 52,148,883      |
| Investment in Sonoma County Investment Pool | 15,243,019         |
| Accounts receivable, net of allowance       | 16,507,477         |
| Other receivables                           | 724,822            |
| Accrued revenue                             | 8,594,828          |
| Prepaid expenses                            | 1,859,626          |
| Deposits                                    | 628,579            |
| Total current assets                        | <u>95,707,234</u>  |
| Noncurrent assets                           |                    |
| Land  | 860,520            |
| Capital assets, net of depreciation         | 2,861,568          |
| Deposits                                    | 5,459,242          |
| Total noncurrent assets                     | <u>9,181,330</u>   |
| Total assets                                | <u>104,888,564</u> |

### LIABILITIES

|   |                   |
|---|-------------------|
| Current liabilities                                       |                   |
| Accounts payable  | 817,249           |
| Accrued cost of electricity                               | 14,168,902        |
| Advanced from grantors                                    | 482,750           |
| Other accrued liabilities                                 | 400,547           |
| User taxes and energy surcharges due to other governments | 497,095           |
| Total current liabilities                                 | <u>16,366,543</u> |

### NET POSITION

|                              |                      |
|------------------------------|----------------------|
| Investment in capital assets | 3,722,088            |
| Unrestricted                 | 84,799,933           |
| Total net position           | <u>\$ 88,522,021</u> |

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**July 1, 2018 through December 31, 2018**

**OPERATING REVENUES**

|                               |                   |
|-------------------------------|-------------------|
| Electricity sales, net        | \$ 93,351,891     |
| Evergreen electricity premium | 216,049           |
| Grant revenue                 | 614,713           |
| Total operating revenues      | <u>94,182,653</u> |

**OPERATING EXPENSES**

|   |                   |
|---|-------------------|
| Cost of electricity                     | 75,165,865        |
| Staff compensation                      | 1,606,674         |
| Data manager                            | 1,576,571         |
| Service fees - PG&E                     | 473,316           |
| Consultants and other professional fees | 1,305,573         |
| Legal                                   | 175,416           |
| Communications                          | 758,198           |
| General and administration              | 432,603           |
| Program rebates and incentives          | 1,359,062         |
| Depreciation                            | 29,945            |
| Total operating expenses                | <u>82,883,223</u> |
| Operating income                        | <u>11,299,430</u> |

**NONOPERATING REVENUES (EXPENSES)**

|                 |                |
|-----------------|----------------|
| Interest income | <u>461,464</u> |
|-----------------|----------------|

**CHANGE IN NET POSITION**

|                                     |                      |
|-------------------------------------|----------------------|
| Net position at beginning of period | 11,760,894           |
| Net position at end of period       | <u>76,761,127</u>    |
|                                     | <u>\$ 88,522,021</u> |

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF CASH FLOWS July 1, 2018 through December 31, 2018

### CASH FLOWS FROM OPERATING ACTIVITIES

|  |                   |
|--|-------------------|
| Receipts from electricity sales                  | \$ 95,904,966     |
| Receipts from grantors                           | 11,891            |
| Receipts from supplier for security deposits     | 14,600            |
| Tax and surcharge receipts from customers        | 1,228,436         |
| Payments to purchase electricity                 | (75,676,196)      |
| Payments for staff compensation                  | (1,659,253)       |
| Payments for contract services                   | (3,523,228)       |
| Payments for communications                      | (1,041,828)       |
| Payments for general and administration          | (437,277)         |
| Payments for program rebates and incentives      | (1,363,722)       |
| Tax and surcharge payments to other governments  | (1,209,994)       |
| Deposits and collateral paid                     | (1,408,034)       |
| Payments for charitable contributions            | (108,000)         |
| Net cash provided (used) by operating activities | <u>10,732,361</u> |

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|                               |                  |
|-------------------------------|------------------|
| Acquisition of capital assets | <u>(250,974)</u> |
|-------------------------------|------------------|

### CASH FLOWS FROM INVESTING ACTIVITIES

|  |                |
|--|----------------|
| Interest income received                         | <u>462,697</u> |
| Net cash provided (used) by investing activities | <u>462,697</u> |

|  |                      |
|--|----------------------|
| Net change in cash and cash equivalents (including County Investment Pool) | 10,944,084           |
| Cash and cash equivalents at beginning of year                             | <u>56,447,818</u>    |
| Cash and cash equivalents at end of year                                   | <u>\$ 67,391,902</u> |

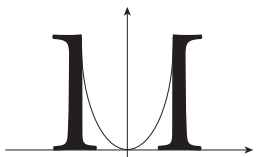
### Reconciliation to the Statement of Net Position

|   |                      |
|---|----------------------|
| Cash and cash equivalents                   | \$ 52,148,883        |
| Investment in Sonoma County Investment Pool | <u>15,243,019</u>    |
| Cash and cash equivalents                   | <u>\$ 67,391,902</u> |

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**July 1, 2018 through December 31, 2018**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

|  |                      |
|--|----------------------|
| Operating income   | \$ 11,299,430        |
| Adjustments to reconcile operating income to net<br>cash provided (used) by operating activities |                      |
| Depreciation expense   | 29,946               |
| Revenue reduced for uncollectible accounts   | 470,192              |
| Charitable contributions considered an operating<br>activity for cash flow purposes only         | (108,000)            |
| (Increase) decrease in net accounts receivable   | 886,479              |
| (Increase) decrease in other receivables   | (543,309)            |
| (Increase) decrease in accrued revenue   | 978,194              |
| (Increase) decrease in prepaid expenses  | (1,329,095)          |
| (Increase) decrease in current deposits  | (1,428,790)          |
| Increase (decrease) in accounts payable  | (316,602)            |
| Increase (decrease) in accrued cost of electricity   | (206,794)            |
| Increase (decrease) in advance from grantors   | (17,250)             |
| Increase (decrease) in accrued liabilities   | 982,757              |
| Increase (decrease) in user taxes and energy<br>surcharges due to other governments              | 20,603               |
| Increase (decrease) in supplier security deposits  | 14,600               |
| Net cash provided (used) by operating activities   | <u>\$ 10,732,361</u> |



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended December 31, 2018, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of Sonoma Clean Power Authority.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

*Maher Accountancy*

San Rafael, CA  
January 28, 2019





**SONOMA CLEAN POWER AUTHORITY  
OPERATING FUND  
BUDGETARY COMPARISON SCHEDULE  
July 1, 2018 through December 31, 2018**

|   | <u>2018/19 YTD<br/>Budget</u> | <u>2018/19 YTD<br/>Actual</u> | <u>2018/19 YTD<br/>Budget<br/>Variance<br/>(Under) Over</u> | <u>2018/19<br/>YTD<br/>Actual/<br/>Budget %</u> | <u>2018/19 Budget</u> | <u>2018/19 Budget<br/>Remaining</u> |
|---|-------------------------------|-------------------------------|---|---|-----------------------|-------------------------------------|
| <b>REVENUE AND OTHER SOURCES:</b>                 |                               |                               |   |   |                       |                                     |
| Revenue - Electricity (net of allowance) *        | \$ 98,528,808                 | \$ 93,351,891                 | \$ (5,176,917)  | 95%   | \$ 182,736,000        | \$ 89,384,109                       |
| Revenue - Evergreen Premium (net of allowance)    | 222,145                       | 216,049                       | (6,096)   | 97%   | 412,000               | 195,951                             |
| CEC Grant Proceeds                                | 1,100,000                     | 597,463                       | (502,537)   | 54%   | 2,600,000             | 2,002,537                           |
| BAAQMD grant                                      | -                             | 17,250                        | 17,250  | 0%  | -                     | (17,250)                            |
| Revenue - Interest income                         | 306,500                       | 461,464                       | 154,964   | 151%  | 613,000               | 151,536                             |
| Total revenue and other sources                   | <u>100,157,453</u>            | <u>94,644,117</u>             | <u>(5,513,336)</u>  | <u>94%</u>                                      | <u>186,361,000</u>    | <u>91,716,883</u>                   |
| <b>EXPENDITURES AND OTHER USES:</b>               |                               |                               |   |   |                       |                                     |
| <b>CURRENT EXPENDITURES</b>                       |                               |                               |   |   |                       |                                     |
| Cost of energy and scheduling                     | 81,321,423                    | 75,165,865                    | (6,155,558)   | 92%   | 154,377,000           | 79,211,135                          |
| Data management                                   | 1,544,500                     | 1,576,571                     | 32,071  | 102%  | 3,089,000             | 1,512,429                           |
| Service fees- PG&E                                | 282,000                       | 473,316                       | 191,316   | 168%  | 564,000               | 90,684                              |
| Personnel   | 1,830,500                     | 1,606,674                     | (223,826)   | 88%   | 3,661,000             | 2,054,326                           |
| Outreach and communications                       | 572,000                       | 497,296                       | (74,704)  | 87%   | 1,144,000             | 646,704                             |
| Customer service                                  | 248,000                       | 186,714                       | (61,286)  | 75%   | 440,000               | 253,286                             |
| Legal   | 155,000                       | 175,416                       | 20,416  | 113%  | 310,000               | 134,584                             |
| Accounting and auditing                           | 102,000                       | 83,325                        | (18,675)  | 82%   | 204,000               | 120,675                             |
| Technical consultants                             | 95,000                        | 88,520                        | (6,480)   | 93%   | 190,000               | 101,480                             |
| Legislative and regulatory advocacy               | 64,000                        | 39,000                        | (25,000)  | 61%   | 128,000               | 89,000                              |
| Other consultants                                 | 130,000                       | 36,260                        | (93,740)  | 28%   | 260,000               | 223,740                             |
| Program implementation                            | 2,755,000                     | 2,009,094                     | (745,906)   | 73%   | 5,510,000             | 3,500,906                           |
| Program - CEC grant                               | 1,520,000                     | 514,562                       | (1,005,438)   | 34%   | 3,040,000             | 2,525,438                           |
| Program development and evaluation                | 87,500                        | -                             | (87,500)  | 0%  | 350,000               | 350,000                             |
| General and administration                        | 290,500                       | 250,665                       | (39,835)  | 86%   | 531,000               | 280,335                             |
| CalCCA Trade Association                          | 150,000                       | 150,000                       | -   | 100%  | 348,000               | 198,000                             |
| Total current expenditures                        | <u>91,147,423</u>             | <u>82,853,278</u>             | <u>(8,294,145)</u>  | <u>91%</u>                                      | <u>174,146,000</u>    | <u>91,292,722</u>                   |
| <b>OTHER USES</b>                                 |                               |                               |   |   |                       |                                     |
| Collateral deposit payments                       | 1,000,000                     | 1,408,034                     | 408,034   | 141%  | 1,000,000             | (408,034)                           |
| Capital outlay                                    | 100,000                       | 406,197                       | 306,197   | 406%  | 200,000               | (206,197)                           |
| Total expenditures, Other Uses and Debt Service   | <u>92,247,423</u>             | <u>84,667,509</u>             | <u>(7,579,914)</u>  | <u>92%</u>                                      | <u>175,346,000</u>    | <u>90,678,491</u>                   |
| Net increase (decrease) in available fund balance | <u>\$ 7,910,030</u>           | <u>\$ 9,976,608</u>           | <u>\$ 2,066,578</u>   | <u>126%</u>                                     | <u>\$ 11,015,000</u>  | <u>\$ 1,038,392</u>                 |

\* Represents sales of approximately 1,210,000 MWh for 2018/19 YTD actual.

| <b>RESERVES</b>         | <b>Balance</b>       |
|-------------------------|----------------------|
| Operating Cash Reserve  | \$ 50,664,480        |
| Program Cash Reserve    | 9,132,161            |
| Collateral Cash Reserve | 1,082,196            |
|                         | <u>\$ 60,878,837</u> |

**SONOMA CLEAN POWER AUTHORITY**  
**OPERATING FUND**  
**BUDGET RECONCILIATION TO STATEMENT OF**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**July 1, 2018 through December 31, 2018**

|   |                      |
|---|----------------------|
| Net increase (decrease) in available fund balance<br>per budgetary comparison schedule:   | \$ 9,976,608         |
| Adjustments needed to reconcile to the<br>changes in net position in the<br>Statement of Revenues, Expenses<br>and Changes in Net Position: |                      |
| Subtract depreciation expense   | (29,945)             |
| Add back capital asset acquisitions   | 406,197              |
| Add back collateral deposits  | <u>1,408,034</u>     |
| Change in net position  | <u>\$ 11,760,894</u> |



## Staff Report – Item 04

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To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO  
Neal Reardon, Director of Regulatory Affairs

Issue: Receive Legislative and Regulatory Report and Provide Input as Appropriate

Date: February 19, 2019

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### **Regulatory Report:**

#### **Power Charge Indifference Adjustment (PCIA)**

Last November, CalCCA and a group of Northern CA CCAs filed an Application for Rehearing of the PCIA Decision on the grounds that it was not consistent with statute nor did it uphold due process. The Commission did not respond to this Application within 60 days (by close of business of January 18<sup>th</sup>, 2019) it is therefore deemed denied. The next procedural step to challenge this Decision would be through the courts.

Phase 2 of the PCIA Proceeding will evaluate a variety of topics, many of which were raised by the CCA parties. These include how utilities should optimize their portfolios, developing accurate benchmarks to reflect the value of contract attributes, and creating a calculation for a one-time lump sum payment of exit fees. Though a Pre-Hearing Conference was held on Phase 2, and the assigned Administrative Law Judges indicated they wanted to resolve most of these issues later this year, they have yet to issue a Scoping Memo. SCP plans to engage both on behalf of our customers and through CalCCA.

#### **PG&E's Energy Resource Recovery Account (ERRA)**

The Commission was scheduled to vote on a Proposed Decision implementing PG&E's Energy Resource Recovery Account "ERRA" forecast at the January

31<sup>st</sup> meeting. That vote is not postponed until February 21<sup>st</sup>. It was originally scheduled for the January 11<sup>th</sup> Commission meeting. That Proposed Decision denied PG&E's attempt to change the allocation of PCIA across vintages, denied PG&E's attempt to use different values than the market price benchmark, and recommended implementing a brown-power true up based on 2018 prices.

If the ERRA is approved on February 21<sup>st</sup>, PG&E would submit an Advice Letter to implement rate changes by March 25<sup>th</sup>, which would be subject to protests and PG&E responses to those protests during the month of April. The earliest PCIA and generation rates would be changes is May 1<sup>st</sup>. In the meantime, we expect PG&E to raise delivery rates for all customers in March 1<sup>st</sup>.

### **Resource Adequacy (RA)**

On November 21<sup>st</sup>, the CPUC issued a Proposed Decision in the Resource Adequacy "RA" Proceeding that would drive up costs on all ratepayers and enshrine IOUs as the central procurement entity for all Local RA in their territory. CalCCA and many stakeholders – most notably including San Diego Gas and Electric – opposed this proposal. SCP staff have engaged with multiple Commissioner advisors. In light of the robust response, the Commission held an all-party meeting on January 4<sup>th</sup> to solicit feedback. Following that discussion, the Commission postponed voting on the Proposed Decision. It was delayed until January 31<sup>st</sup>, and most recently until Feb. 21<sup>st</sup>. Commissioners held a private rate-setting deliberative meeting on the topic on January 28<sup>th</sup>, but no other information is available.

### **Legislative Report:**

California's 40th Governor was sworn into office on January 7th and a few hours later, the Legislature officially started the 2019-20 legislative session. Three days later, Governor Newsom presented his \$209 billion budget. Governor Newsom's first budget looks at paying down the debt, boosts education and health care programs, and tackles housing and homelessness. In his budget address, Governor Newsom pointed out that California wildfires were deadlier than ever and proposed adding \$121 million to help CalFire replace the helicopters and operate newly acquired air tankers from the U.S. Air Force. Over the next five months, the Legislature will have over 100 hearings on the proposed budget. The Legislature has until June 15 to pass the budget.

On February 12, the Governor gave his first State of the State speech, where he briefly mentioned CCAs in a positive way.

## **Energy**

Energy is the main topic of discussion at the Capitol. At this time, the Legislature does not have the appetite to remove PG&E from its liabilities and Governor Newsom's goal is to keep the lights on. Since the discussion surrounding energy is so fluid, I am highlighting the top issues below:

- Now that PG&E has filed for bankruptcy under Chapter 11, what will PG&E look like in the coming years? Will PG&E be divided into two or three separate companies? Will parts of PG&E's territory become municipalized?
- The California Public Utilities Commission approved PG&E's request for an exemption to finance \$5.5 billion prior to filing for reorganization under Chapter 11.
- Will the Legislature revisit inverse condemnation with the recent reduction in bond ratings for both Southern California Edison and San Diego Gas & Electric?
- How will CalFire's report exonerating PG&E for the Tubbs Fire change the discussion?
- Insurance Commissioner Lara released a report stating the total loss from the 2018 wildfires is up to \$11.4 billion. This is a 25 percent increase from the initial report released in November 2018.
- Assembly Budget Committee passed two budget trailer bills pertaining to emergency and disaster funding.
- Governor Newsom announced appointments to the California Public Utilities Commission, the California Energy Commission, the California Independent System Operator board of governors, his three appointments to the Commission on Catastrophic Wildfire Cost and Recovery, and the California Air Resources Board.

## **Legislation**

To date, over 30 pieces of legislation related to climate change, energy, and fires, have been introduced. Some additional information may be provided verbally in the meeting, based on recent developments.

The Assembly Budget Committee held a hearing on January 29<sup>th</sup> with the purpose of passing two trailer bills -- AB 72 (Committee on Budget) and AB 73 (Committee on Budget) which both amend the 2018 budget act.

AB 72 (Committee on Budget) amends the 2018-19 budget act to provide resources relating to emergency and disaster events. The total cost of the bill is \$131.3 million of which \$116.3 million is in the Governor's proposed 2019-20 budget package. Of the \$131.3 million, \$31.3 million is appropriated to backfill property tax losses incurred as a result of the wildfires in Butte and Lake Counties. This funding represents backfill funding for the next three years. Assembly Member Wood asked why Sonoma and Mendocino counties are not part of the three-year backfill funding. Department of Finance staff stated they need to hear from the counties before they are added to the funding.

AB 73 (Committee on Budget) contains an updated provision to disaster response language adopted in the 2018 Budget Conference Committee agreement that provides the Director of Finance financial flexibility in emergency response situations. The proposed language would reconstitute the Disaster Response Emergency Operations Account, which sunset on January 1, 2019. The fund allows the director of Finance to transfer funding from the State's reserve for expenses related to a declared emergency.

## **Appointments**

### *California Public Utilities Commission (CPUC)*

Genevieve Shiroma -- Shiroma has been a member of the Agricultural Labor Relations Board since 1999, serving as chair since 2017. She served as chief of the Air Quality Branch at the California Air Resources Board from 1990 to 1999 and as an air quality engineer from 1978 to 1990. From 1999 to 2018, Shiroma was the elected director of Ward 4 of the Sacramento Municipal Utility District.

### *California Independent System Operator (CAISO)*

Severin Borenstein -- Borenstein has been professor at the University of California at Berkeley Haas School of Business since 1996. He was a professor of economics at the University of California at Davis from 1989 to 1996, and an assistant professor of economics at the University of Michigan from 1983 to 1989. Borenstein served as staff economist for the United States Civil Aeronautics Board from 1978 to 1979.

Mary Leslie -- Leslie has been president of the Los Angeles Business Council since 2002 and was a commissioner at the Los Angeles Department of Water

and Power from 2001 to 2003. Leslie served as deputy mayor to Los Angeles Mayor Richard Riordan from 1994 to 1995. She was also the deputy director for the U.S. Small Business Administration and executive director for the California Economic Development Commission.

David Olsen -- Olsen was reappointed to CAISO where he has served since 2012. Prior to joining CAISO, he was the managing director for the Western Grid Group from 2003 to 2013 and served as coordinator for the California Renewable Energy Transmission Initiative for the California Energy Commission from 2007 to 2010. He was a coordinator for the Tehachapi Collaborative Study Group from 2005 to 2007. Olsen was president of Clipper Windpower Development from 2001 to 2003 and CEO at Patagonia Inc. from 1996 to 1999. He was vice president of Magma Power Company from 1988 to 1995 and president and CEO of Northern Power Systems from 1984 to 1988.

#### California Energy Commission

David Hochschild – Hochschild has been reappointed to the California Energy Commission, where he has served since 2013. Hochschild was vice president of external affairs at Solaria Corporation from 2007 to 2013. He was executive director at PV Now from 2005 to 2007, and co-founder and director of policy at the Vote Solar Initiative from 2002 to 2005. Hochschild was special assistant to San Francisco Mayor Willie Brown from 2000 to 2001 and program director at The President’s Award, Port Alfred, South Africa from 1996 to 1997. Hochschild served as a member of the San Francisco Public Utilities Commission from 2007 to 2008.

#### Commission on Catastrophic Wildfire Cost and Recovery.

The five-member commission was established within the Governor’s Office of Planning and Research as a result of last year’s Senate Bill 901. The commission is required to hold public meetings with the purpose of evaluating the short and long-term costs of catastrophic wildfire to the state, and prepare a report including recommendations for changes to the law that would address these costs and ensure equitable distribution among affected parties. The Governor appoints three members to the commission while the Senate Committee on Rules and the Speaker of the Assembly each appoint one member.

Governor’s Appointees:

Dave Jones -- Jones served as the California Insurance Commissioner from 2011 to 2019. Prior to his service as Insurance Commissioner, Jones served as a member of the California State Assembly from 2001 to 2010 and of the

Sacramento City Council from 1999 to 2001. He was Counsel to U.S. Attorney General Janet Reno from 1996 to 1998, as well as White House Fellow to the U.S. Attorney General from 1995 to 1996.

Michael A. Kahn – Kahn has been of counsel at Crowell and Moring LLP since 2009 and was senior counsel at Folger Levin and Kahn LLP from 1979 to 2009. Kahn served as Chair of the California Independent System Operator from 2001 to 2005, Chair of the California Electricity Oversight Board from 2000 to 2001, member of the California State Insurance Commissioner Task Force on Environmental Liability Insurance from 1993 to 1994, member of the California State Insurance Commissioner Task Force on Insurance Industry Practices in 1993 and Commissioner on the California State Senate Commission on Property Tax Equity and Revenue in 1990.

Carla Peterman -- Peterman served as a member of the California Public Utilities Commission from 2013 to 2018. She served as a member of the California Energy Commission from 2011 to 2012. Peterman was a researcher at the University of California Energy Institute from 2006 to 2011, researcher at the Lawrence Berkeley National Laboratory from 2008 to 2010, and a business analyst at Isles from 2004 to 2005. Peterman was an associate in the Investment Banking Division at Lehman Brothers from 2002 to 2004. She earned a Doctor of Philosophy degree in energy and resources from the University of California, Berkeley and Master of Science in environmental change and management and Master of Business Administration degrees from the University of Oxford.

### *Air Resources Board*

Nathan Fletcher – Fletcher has been a member of the San Diego County Board of Supervisors and the San Diego County Air Pollution Control District since 2019. He served as a member of the California State Assembly from 2008 to 2012 and was a member of the United States Marine Corps from 1997 to 2007. He is a member of the San Diego Metropolitan Transit System Board of Directors, the Regional Task Force on the Homeless, and the San Diego Association of Governments' Transportation Committee.

### **Select Committee on California's Clean Energy Economy**

Assembly Member Quirk has scheduled a hearing of the Select Committee on California's Clean Energy Economy on February 13. The topic of discussion will be *Balancing Energy Supply and Demand: The Policy Challenges of 100% Renewables by 2045*. Assembly Member Quirk hopes the discussion will provide a high-level overview of the challenges managing California's grid.



## **Next Legislative Deadline**

The Legislature has until February 22<sup>nd</sup> to introduce bills.



## Staff Report – Item 05

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To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO  
Stephanie Reynolds, Director of Internal Operations

Issue: Review and Recommend that the Board Approve Proposed Budget Adjustments for FY 2018/19 to Revenues, Energy Expenses, Service Fees to PG&E, Legal Fees, Program Expenses, and Several Additional Categories.

Date: February 19, 2019

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### **Requested Board Action:**

Review and Recommend that the Board of Directors Approve the Proposed Budget Adjustments to the FY 18/19 budget.

### **Background**

The existing SCPA budget for July 2018 through June 2019 was adopted on May 3, 2018. Since that time, several developments have occurred which require budget adjustments.

- A significant load deviation from forecast likely due to a reduced amount of cannabis cultivation in the residential sector.
- The CPUC increased PG&E's billing Service Fees.
- PG&E filed for Chapter 11 bankruptcy protection, requiring SCP involvement to protect SCP interests related to CCA customer revenues, SCP contracts and other matters.
- A reduction in customer program expenditures.
- SCP's previously-approved headquarters design fees need to be formally included in the Capital Outlay budget.

## **Load Deviation**

After many months of review, SCP staff recently met with PG&E's technical team and reviewed energy usage data in detail. The result was a consensus that the most likely cause of a majority of the 7% load deviation from forecast is a decline in cannabis cultivation in homes. That decline reduces both sales revenues and energy costs.

## **PG&E Service Fees**

Since SCP's inception, SCP has paid PG&E a monthly per meter fee for billing services of \$0.44. In October 2017, a settlement was reached to update the fee based on actual costs to process CCA charges. The billing service fee was dropped to \$0.21 per meter per month starting in March 2018. Unfortunately, in November 2018 SCP realized that although the billing service fee dropped to \$0.21 an additional fee was added called the meter data management agent (MDMA) fee. This fee of \$0.14 per meter per month results in a total service fee to PG&E of \$0.35 per meter per month. Still it is an overall decrease of 25.7% in service fees.

## **Legal**

Due to extraordinary circumstances driven by the PG&E bankruptcy, Staff recommends an increase to the legal budget for the remainder of the Fiscal Year of \$400,000, which would bring the legal budget from \$310,000 to \$710,000 for FY 18/19. PG&E filed for Chapter 11 bankruptcy protection on January 29, 2019, which was not anticipated when SCP's legal budget for FY 2018/19 was previously adopted.

For the remainder of the fiscal year, SCP estimates an increase in \$200,000-\$250,000 may be required for PG&E bankruptcy-related legal services agreements. In addition, staff expects that the PG&E bankruptcy may result in the need to engage new or additional outside counsel resources:

- (1) In connection with the bankruptcy filing itself (e.g. expertise in financing, other specialized CPUC/FERC regulatory advice, energy transactional counseling and advice); and
- (2) To assist with management of work flow on non-bankruptcy issues important to SCP operations that are typically handled in house, when not resource constrained internally due to demands associated with the PG&E bankruptcy (e.g. public contracting and Lead Locally CEC Grant, 431 E Street Construction, participation in ongoing CPUC regulatory proceedings).

Tables that outline the current legal budget, proposed changes, and proposed revised budget are on the following pages.

**Customer Programs**

Due to an expected significant increase in the PCIA fees, likely to go into effect in May 2019, SCP's Programs were asked to focus on existing programs and reduce the speed of developing and launching new programs. As a result, Programs can plan to end the year approximately 21% below the originally-approved budget.

**Capital Outlay**

The adjustment to Capital Outlay reflects the previously-approved design budget for SCP's headquarters building project. This adjustment formally adds those expenditures to the budget.

|   | Existing<br>Budget<br>FY18-19 | Forecast<br>Actuals<br>FY18-19 | Proposed<br>Adjustment<br>FY18-19 | Revised<br>Budget<br>FY18-19 | Comments   |
|---|-------------------------------|--------------------------------|-----------------------------------|------------------------------|--|
| <b>REVENUES AND OTHER SOURCES</b>                 |                               |                                |                                   |                              |  |
| Electricity Sales <sup>1</sup> (net of allowance) | 182,736,000                   | 176,855,000                    | -5,881,000                        | 176,855,000                  | Load deviation from forecast may be due to a decline in residential cannabis cultivation.          |
| EverGreen Premium <sup>2</sup> (net of allowance) | 412,000                       | 432,000                        | 0                                 | 412,000                      | No changes.  |
| CEC Grant Proceeds                                | 2,600,000                     | 1,927,000                      | -673,000                          | 1,927,000                    | Some delays in program implementation are shifting the grant proceeds toward later years.          |
| BAAQMD Grant                                      | 0                             | 62,000                         | 62,000                            | 62,000                       | Added to budget since original adoption. These funds go to the Advanced Energy Rebuild incentives. |
| Interest Income                                   | 613,000                       | 946,000                        | 333,000                           | 946,000                      | Increasing interest rates improve the outlook.   |
| <b>Total Revenues</b>                             | <b>186,361,000</b>            | <b>180,222,000</b>             | <b>-6,159,000</b>                 | <b>180,202,000</b>           |  |

#### EXPENDITURES

##### Product

|  |                    |                    |                   |                    |  |
|--|--------------------|--------------------|-------------------|--------------------|--|
| Cost of Energy and Scheduling <sup>3</sup> | 154,377,000        | 146,345,000        | -8,032,000        | 146,345,000        | Load deviation from forecast may be due to a decline in residential cannabis cultivation.  |
| Data Management                            | 3,089,000          | 3,089,000          | 0                 | 3,089,000          | No changes.  |
| Service Fees to PG&E                       | 564,000            | 959,000            | 395,000           | 959,000            | The CPUC has increased PG&E billing service fees. See detailed notes for more information. |
| <b>Product Subtotal</b>                    | <b>158,030,000</b> | <b>150,393,000</b> | <b>-7,637,000</b> | <b>150,393,000</b> |  |
| Personnel                                  | 3,661,000          | 3,447,000          | 0                 | 3,661,000          | No changes.  |
| Outreach and Communication                 | 1,144,000          | 947,000            | 0                 | 1,144,000          | No changes.  |
| Customer Service                           | 440,000            | 393,000            | 0                 | 440,000            | No changes.  |
| General and Administration                 | 531,000            | 481,000            | 0                 | 531,000            | No changes.  |

|   | Existing<br>Budget<br>FY18-19 | Forecast<br>Actuals<br>FY18-19 | Proposed<br>Adjustment<br>FY18-19 | Revised<br>Budget<br>FY18-19 | Comments  |
|---|-------------------------------|--------------------------------|-----------------------------------|------------------------------|---|
| <b>EXPENDITURES – continued</b>             |                               |                                |                                   |                              |   |
| <b>Other Professional Services</b>          |                               |                                |                                   |                              |   |
| Legal                                       | 310,000                       | 710,000                        | 400,000                           | 710,000                      | Increased legal work from PG&E bankruptcy and some additional regulatory and construction work. See detailed notes.                   |
| Accounting                                  | 204,000                       | 193,000                        | 0                                 | 204,000                      | No changes.   |
| Technical                                   | 190,000                       | 177,000                        | 0                                 | 190,000                      | No changes.   |
| Legislative and regulatory advocacy         | 128,000                       | 95,000                         | 0                                 | 128,000                      | No changes.   |
| Other consultants                           | 260,000                       | 121,000                        | -100,000                          | 160,000                      | This category is small due to an improved ability to charge consultant service to specific categories.                                |
| <b>Other Professional Services Subtotal</b> | <b>1,092,000</b>              | <b>1,296,000</b>               | <b>300,000</b>                    | <b>1,392,000</b>             |   |
| <b>CalCCA Trade Association</b>             | <b>348,000</b>                | <b>400,000</b>                 | <b>52,000</b>                     | <b>400,000</b>               | Increase due to PCIA regulatory work and PG&E bankruptcy legal work.  |
| <b>Programs</b>                             |                               |                                |                                   |                              |   |
| Program Implementation                      | 5,510,000                     | 4,509,000                      | -1,000,000                        | 4,510,000                    | Programs is able to hold back on launching new programs at this time to help build reserves in anticipation of higher PG&E PCIA fees. |
| CEC Grant Program <sup>4</sup>              | 3,040,000                     | 2,415,000                      | -625,000                          | 2,415,000                    | Some delays in program implementation are shifting the grant proceeds toward later years.   |
| Program Development and Evaluation          | 350,000                       | 100,000                        | -250,000                          | 100,000                      | Reduced need anticipated.   |
| <b>Programs Subtotal</b>                    | <b>8,900,000</b>              | <b>7,024,000</b>               | <b>-1,875,000</b>                 | <b>7,025,000</b>             |   |
| <b>Total Expenditures</b>                   | <b>174,146,000</b>            | <b>164,381,000</b>             | <b>-9,160,000</b>                 | <b>164,986,000</b>           |   |
| <b>Revenues Less Expenditures</b>           | <b>12,215,000</b>             | <b>15,841,000</b>              | <b>3,001,000</b>                  | <b>15,216,000</b>            |   |
| <b>OTHER USES</b>                           |                               |                                |                                   |                              |   |
| Capital Outlay                              | 200,000                       | 986,000                        | 990,000                           | 1,190,000                    | Need to formally include the previously-approved headquarters design fees in Capital Outlay   |
| Collateral Deposits (net outflow)           | 1,000,000                     | 1,409,000                      | 409,000                           | 1,409,000                    | Adjustment to reflect current collateral status. In future years, the Collateral Reserve will be used for this purpose first.         |
| <b>Total Expenditures, Other Uses</b>       | <b>175,346,000</b>            | <b>166,776,000</b>             | <b>-7,761,000</b>                 | <b>167,585,000</b>           |   |
| <b>Net Increase/(Decrease)</b>              | <b>11,015,000</b>             | <b>13,446,000</b>              | <b>1,602,000</b>                  | <b>12,617,000</b>            |   |



## Staff Report - Item 06

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To: Sonoma Clean Power Authority Community Advisory Committee

From: Jessica Mullan, General Counsel

Issue: Recommend that the Board Authorize the General Counsel to Amend SCP's PG&E Bankruptcy-Related Legal Services Agreements with Boutin Jones, Inc. and Engel Law P.C.

Date: February 19, 2019

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### **Requested Board Action:**

Recommend that the Board authorize the General Counsel to enter into a second amendment to SCP's PG&E Bankruptcy-Related Legal Services Agreements with Boutin Jones, Inc. and Engel Law P.C. as follows:

- (1) Expand and clarify the scope of work for each Legal Services Agreement, as necessary given SCP's plans to remain actively engaged in PG&E's Bankruptcy;
- (2) Extend the term of each Legal Services Agreement from an expiration date of December 31, 2019 to June 30, 2020; and
- (3) Increase the not-to-exceed amount to an aggregate not-to-exceed amount of \$475,000 across both Legal Services Agreements to apply for the entire term of the Agreements, through June 30, 2020.

Staff requests that the Community Advisory Committee ("CAC") recommend that the Board authorize the General Counsel to Negotiate, and the Chief Executive Officer to execute amendments with SCP's PG&E-Bankruptcy Counsel (Boutin Jones, Inc. and Engel Law, P.C.) that are consistent with these parameters.

### **Background:**

On December 1, 2018, SCP executed Legal Services Agreements with Boutin Jones Inc. and Engel Law, P.C. to provide SCP with advice concerning SCP's potential legal exposure in the event that PG&E filed for Chapter 11 bankruptcy protection. Each

Legal Services Agreement included a not-to-exceed amount of \$20,000 and the term extended through December 31, 2019.

On January 14, 2018, PG&E issued a 15-day notice to its employees, as requires by SB 901, of PG&E’s intent to file for Chapter 11 Bankruptcy protection. The SCP Board of Directors (“Board”) met in closed session on January 25, 2019 and by unanimous vote, the Board provided direction to Counsel to take necessary steps to protect SCP and CCAs with shared interests in the event PG&E files for bankruptcy protection, which SCP anticipated would be a possibility as early as Tuesday, January 29.

SCP entered into a First Amendment to each of the Legal Services Agreements, effective January 14, 2018, when it became clear PG&E was likely to seek bankruptcy protection, to increase the not-to-exceed amounts under each Agreement as follows: (1) Boutin Jones, Inc., increasing the not-to-exceed amount from \$20,000 to \$50,000; and (2) Engel Law, P.C. increasing the not-to-exceed amount from \$20,000 to \$90,000.

PG&E filed for bankruptcy on Tuesday, January 29. SCP participated in the two hearings related to PG&E’s First-Day Motions the week of January 29 and filed Statements of Support concerning key PG&E First-Day Motions to restart and continue the flow of CCA revenues following PG&E’s Bankruptcy filing.

**DISCUSSION**

Staff now seeks authorization for the General Counsel to enter into a second amendment to its Legal Services Agreements with PG&E-bankruptcy counsel as outlined in the Recommendation section of this Staff Report. A summary of the not-to-exceed amount and recommended changes proposed in this Staff Report is presented below:

|                    | Original Agreement  | First Amendment   | <i>Recommendation:<br/>Second Amendment</i>   |
|--------------------|---|---|---|
| Boutin Jones, Inc. | <ul style="list-style-type: none"> <li>• \$20,000 not-to-exceed amount</li> <li>• Expires 12/31/19</li> </ul> | <ul style="list-style-type: none"> <li>• \$50,000 not-to-exceed amount</li> <li>• Expires 12/31/19</li> </ul> | <ul style="list-style-type: none"> <li>• Two separate contracts</li> <li>• Shared not-to-exceed amount across both contracts of \$475,000</li> <li>• Expiration date extended to 6/30/2020</li> </ul> |
| Engel Law, P.C.    | <ul style="list-style-type: none"> <li>• \$20,000 not-to-exceed amount</li> <li>• Expires 12/31/19</li> </ul> | <ul style="list-style-type: none"> <li>• \$90,000 not-to-exceed amount</li> <li>• Expires 12/31/19</li> </ul> |   |

Within the recommended, aggregate not-to-exceed amount of \$475,000 across the two legal services agreements, SCP has spent \$138,000 to date. SCP has received a commitment from CalCCA to cost-share for \$100,000 of SCP’s existing costs, leaving \$437,000 of the recommended aggregate not-to-exceed amount budget available to SCP through June 30, 2020.

SCP requests this legal budget for PG&E-Bankruptcy counsel because (1) of the highly specialized nature of bankruptcy practice, (2) SCP’s needs to monitor an



active and detailed bankruptcy docket for potential issues that could pose concerns for SCP, and (3) SCP desires to remain engaged proactively as issues related to PG&E restructuring emerges as the bankruptcy process proceeds. The time commitment to satisfy these objectives is significant. The PG&E bankruptcy proceeding could last for two years or more.

SCP's request is based on the assumption that PG&E will to work cooperatively with CCAs and that the restructuring plans that emerge through the Chapter 11 process from PG&E and possibly others do not present major issues for SCP that would involve an adversarial process. In addition, SCP plans to continue to look for opportunities to collaborate and cost-share with other parties that share SCP's interests, though staff's recommended budget here does not assume any specific cost-sharing going forward. In the event circumstances in the bankruptcy change or opportunities to cost-share do not materialize, staff may return to the CAC and the Board with requests additional budget authority for these contracts.

### **BUDGET IMPACT**

The aggregate not-to-exceed amount staff recommends for the two Legal Services Agreements is \$475,000. This aggregate limit would apply to the full term of the agreements, across the remainder of this fiscal year, up through June 30, 2020. SCP intends to use the additional budget authority staff has requested in a prior staff report to fund approximately \$200,000-\$250,000 of the proposed not-to-exceed amount increase through the end of this fiscal year. The remainder of the total not-to-exceed amount for the next fiscal year will be accounted for in the 2019/2020 budget as normal.



## Staff Report – Item 07

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To: Sonoma Clean Power Authority Community Advisory Committee

From: Chad Asay, Programs Manager

Issue: Recommend Board Approval of a Contract for Construction Management Services with Sixth Dimension, LLC. at 741 4th Street

Date: February 19, 2019

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### Requested Action

Recommend that the Board of Directors (“Board”)

1. Approve a Contract for Construction Management Services with Sixth Dimension, LLC., including a not-to-exceed amount of \$178,735 with a term ending on January 31, 2020.

### Discussion

*Project Goal – To provide an Advanced Energy Center for Sonoma Clean Power (“SCP”) that maintains a healthy workplace while showcasing energy efficiency and fuel switching in the built environment.*

Staff issued an RFP for construction management services on February 1, 2019. Responses to the RFP from interested firms were received on February 14, 2019. Response were received from two firms. Sixth Dimension, LLC. was selected as the most qualified firm to perform construction management. The Sixth Dimension, LLC. contract includes a not-to-exceed amount of \$178,735. This cost will be spread over 2 fiscal years with a term ending on January 31, 2020, with the majority of cost expected in FY19/20.

Services will include the day-to-day management of interactions with the building contractor, including managing submittal review, payment applications, requests for information, change order review, and all of the other activities required for a successful construction project. In addition, during the design process they will provide constructability reviews of our architect’s work. They will also provide Industrial Hygiene services and estimating support.

**[Attachments for this item can be accessed through this link.](#)**