



SONOMA CLEAN POWER AUTHORITY  
RATEPAYER ADVISORY COMMITTEE  
MEETING MINUTES  
TUESDAY, MAY 19, 2015

**I. CALL TO ORDER:**

Meeting called to order by RAC Chair John Parry at 1:01 P.M. at the Hyatt Vineyard Creek Hotel, 170 Railroad Street, Santa Rosa, CA

Committee Members Present:

Chair John Parry, Committee members Art Deicke, Bob Williamson, Margaret Spaulding, Peter Renfro, and Chris Romo. Committee Member Amato absent with prior notice.

Staff/Consultants Present: CEO Geof Syphers, General Counsel Steve Shupe, CPA Mike Maher, Account Executive Nathan Kinsey, Program Manager Amy Rider, and Internal Operations Manager Stephanie Reynolds.

**II. RATEPAYER ADVISORY COMMITTEE REGULAR CALENDAR:**

**1. Adopt Minutes for the Ratepayer Advisory Committee meeting held April 16, 2015 (action)**

Public Comment: None

Motion to approve minutes by CM Deicke.  
Seconded by CM Spaulding

Motion carried: 6-0-0

**2. Chief Executive Officer Update (information only)**

CEO Geof Syphers reviewed CCA milestones reached since the last RAC meeting, such as SCP reaching 1 year of service, MCE reaching 5 years of service and Lancaster's 1<sup>st</sup> day of service. He reported on a recently attended CCA-focused conference in Southern California where the main topic was the financial stability and strength needed to compete with investor-owned utilities. CM Williamson noted a recent issue with CCAs in Illinois that failed due to an early primary focus on rates. Chair Parry asked CEO Syphers about a scenario where SCP would raise rates and PG&E would not. CEO Syphers noted that PG&E and SCP have very different portfolios and that can expose SCP to different risks, and also the scenario could happen if SCP chose to raise rates higher than PG&E.



Public Comment:

Bill Mattinson – Mentioned the issue of retaining customers if rates increase, even if programs are strong. CEO Syphers stated that a good tool to keep customers is to achieve objectives of local economic development, programs, etc.

Dick Dowd – Discussed the differences between CCA programs. CEO Syphers explained that Lancaster is a single city and that all three (Lancaster, MCE, and SCP) use different primary suppliers.

Paul Brophy – Asked about the status of a CFO position. No position being considered at this time.

CM Spaulding asked if lower rates equaled more stability by lower opt-outs. CEO Syphers stated there was not enough industry data on the topic. It was noted that the rate structure may change over time.

**3. Review of Draft Budget and revised Financial Policy B.2 and provide recommendation for Board of Directors (action)**

CEO Syphers, CPA Mike Maher and Account Executive Nathan Kinsey present.

CEO Syphers gave a summary of changes to Financial Policy B-2, which adjusted the rate-setting limits and the percentage of revenue to go to reserves. CM Deicke asked for clarification on the policy. CPA Mike Maher stated the percentages are based on what cash is on hand, as some funds may be needed as collateral and not available to be used as reserves. CM Williamson asked if there was a restriction on recreating PG&E Programs. Amy Rider, Program Manager responded that the CPUC would not fund duplicate programs. CEO Syphers stressed the importance of funding programs based on what is known, as future budgets are still unknown. CM Spaulding stated that she would like staff to continue to clarify and improve on the language used in policies. CPA Maher to prepare examples of the changes in policy B-2 for the Board of Directors meeting.

Option R was explained by Nate Kinsey as a rate that is being introduced to match a PG&E rate change.

CEO Syphers stated that the primary topics to be voted on at this meeting are Rates, Option R, the Budget and change to language in policy B-2.

Public Comment:

George Beeler – Stated the Board does not have enough information to vote on a policy change.

Susan Briski – Stated the BOC is involved in forming policies and that the RAC can only comment per the JPA.

Paul Brophy – He agreed with including examples in the policy for the Board. He also suggested a 1-2 sentence description on the rate schedules.



*Recess for break at 2:55 P.M.  
Reconvene from break at 3:01 P.M.*

George Beeler – Recommended SCP act more as a business and introduce different scenarios. He also commented on the current allocations of program funds for the next fiscal year.

Susan Briski – Stated the need for more discussion on rates and low opt-out rates.

Paul Brophy – Supports rate stabilization, important with rate setting and avoiding steep increases in rates in the future. Suggests a sensitivity analysis to see the possible impact of rate increases.

Dick Dowd – Important to remember energy prices are always in a state of flux. Important to be sure the Board understands it may not be a full year without rate increases.

Mike Nichols – Cazadero residents already seeing a high transmission rate and don't analyze their bills to see why they are higher.

CM Williamson agreed with staff recommendations due to large revenue margins and not increasing rates gives back to the community. CM Deicke notes that SCP is still a startup rolling out and having stable rates at this time is important. In the future, OK to look at incremental increases to mitigate against rate spikes. CMs Renfro and Spaulding agreed.

**OPTION R:**

Motion to approve Option R by CM Spaulding  
Seconded by CM Williamson

Motion approved 6-0-0

**RATES:**

CEO Syphers asks the committee to make a recommendation of keeping rates flat for the upcoming year to the Board of Directors.

Public Comment:

Dick Dowd: Recommends that the RAC consider re-evaluating rates throughout the year.

Motion by CM Spaulding to adopt rate language as read by the CEO with the option to reopen rate discussion if a drastic change occurs in the market or SCP.

Seconded by Chris Romo

Motion approved 6-0-0



**BUDGET and POLICY B-2:**

Chair Parry asked if the committee was satisfied with the budget as presented by staff. There were no further committee comments:

Public Comment: None

Motion by CM Williamson to recommend as presented  
Seconded by CM Spaulding

Motion approved 6-0-0

**III. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA**

Mike Nichols – Having difficulty determining his rates. Would like a tool to use on the website. CEO Syphers stated staff is working on such a tool.

Bill Mattinson – Stated SCP needs a chief financial officer to manage in-house funds and also a chief technological or transformation officer to help with the Resource Plan.

**IV. ADJOURNMENT**

The meeting was adjourned by Chair Parry at 3:36 P.M.

Respectfully submitted,

Stephanie Reynolds  
Internal Operations Manager

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19 May 2015

Dear Ratepayer Advisory Committee.

There are some things that I think RAC should consider in weighting the choice not to raise rates for this next year, making this the second year in a row even though the SCP competitor, PG&E has raised rates six times in this last year alone. The historic average rate increase is 3.5% per year.

The following are some potential negative consequences that I believe it is RAC's job to consider for the best long-term public interest.

A. Regarding the issue of brand loyalty:

1. How much lower does SCP rates need to be, than PG&E to gain brand loyalty? Every percent is over a million dollars of lost revenue.
2. At what percentage of lower rates will SCP have the type of loyalty that will not evaporate as soon as SCP needs to raise rates? By not raising rates a moderate amount now SCP is losing additional reserves to lessen the impact in the future.

B. Solid business practices:

1. If it is urgent to take money away from programs to build reserves why is it off the table to raise rates a moderate amount to save for future rate stability? Why not apply consistent logic?
2. Therefore rather than wait another full year to raise rates perhaps it is better to wait something like three months to get new folks enrolled thereby making it easier on SCP staff as they have requested without accumulating so much unnecessary business risk of lost income.

C. Effect on local economy:

1. Lower rates give the average family a few more dollars to spend. The big business energy users are given a substantial amount of money to add to their profits line. For the vast majority of families and small businesses the cost of electricity is an insignificant part of their budget.
2. However think about the effect lower cost of electricity has on local businesses that are actually contributing to reduction of greenhouse gases like the photovoltaic industry and the energy efficiency businesses doing retrofits or builders/developers who spend more on energy efficiency in their projects trying to do the right thing. Lower rates obstruct these businesses by reducing their ability to convince buyers to pay more for these features that benefit all of us.

I believe the market is not blind but operates based on the incentives that that we create or accept.

Your colleague in working towards an equitable & sustainable society!



A. George Beeler, NCARB

Principal Architect

Business Operations Committee, Sonoma Clean Power

California Technical Forum

Board of Trustees and Past President, Unitarian Universalists of Petaluma