



**RATEPAYER ADVISORY COMMITTEE  
MEETING MINUTES  
TUESDAY, FEBRUARY 16, 2016**

**I. CALL TO ORDER:**

Meeting called to order by RAC Chair Art Deicke at 9:00 A.M.

Committee Members Present:

Chair Art Deicke, Peter Renfro, Bob Williamson. New members Joe Como and Anita Fenichel also present. Mike Nicholls absent with prior notice.

Staff/Consultants Present: CEO Geof Syphers, General Counsel Steve Shupe, Internal Operations Manager Stephanie Reynolds, CPA Mike Maher

Committee members Como and Fenichel sworn in by General Counsel Steve Shupe. Each new member was introduced by Chair Deicke and provided a brief background of themselves.

**II. RATEPAYER ADVISORY COMMITTEE REGULAR CALENDAR**

*CM Spaulding arrived at the meeting at 9:05*

1. Adopt minutes of the November 12, 2015 SCPA Joint Meeting of the Business Operations (BOC) and Ratepayer Advisory Committees (RAC)

CM Williamson noted an error to be corrected.

Public Comment: None

Motion to accept 11/12/15 minutes, as corrected by CM Spaulding.

Seconded by CM Williamson

Motion carried 4-0-2 (abstained)

2. Elect a Vice Chair of the Ratepayer Advisory Committee

Item opened for discussion. CEO Syphers stated the responsibilities as backup for the Chair and agenda review prior to the meetings, at the discretion of the Chair. Chair Deicke nominated Peter Renfro as Vice Chair.

Public Comment: None

Motion to approve nomination by Chair Deicke

Seconded by CM Spaulding

Motion carried 6-0-0.



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### 3. Receive Operations Update (Information)

CEO Syphers reported on the CPUC extension of solar rebates and the federal tax credit.

SCP passed the \$50 million mark in customer bill savings in January.

The 70MW solar project in Lemoore, CA (Mustang) is ahead of schedule, delivering on a test basis in the current month with regular deliveries in March or April, 2016.

CEO Syphers reported on the last Board of Directors meeting, where representatives from Mendocino County came to discuss service to their citizens.

CM Williamson asked about details on the sort of greenhouse gas reductions SCP is seeing per funds expended. CEO Syphers stated that the cost of new solar has been declining, due to emerging technology. CM Como asked about the variance on collateral/deposit payments from last year. CEO Syphers responded that the amount of needed funds is hard to forecast due to negotiated power contracts. SCP needs to estimate how much cash or standby credit is needed for each purchase.

Chair Deicke asked if the data used for the stated customer savings can be shown and if the economic impact of \$50 million in savings to Sonoma County ratepayers can be calculated. CEO Syphers stated it would be better to use a third party to figure impacts to avoid any skeptics. CM Williamson also requested more detail on how the PCIA calculation is done.

CM Renfro asked about EverGreen revenues shown. CEO Syphers stated the current numbers presented are a better presentation of actual costs and that there is future marketing planned to increase EverGreen sign ups.

Public Comment:

Paul Feinstein - spoke on the published savings between SCP and PG&E. He expressed concern with the difference between actual PG&E rates and what is published and stated customers are charged additional fees, even when over producing.

Paul Brophy – Asked about SCP’s credit rating and the need to keep open the loan with the Sonoma County Water Agency. CEO Syphers stated having cash on hand allows our staff flexibility to make better power purchases and the option to pay off the loan can be discussed. Mr. Brophy also asked about why the Reserves are not represented in the presented accounting process. Mike Maher, CPA, stated present reserves are recognized in statements, but not the budget or monthly accounting because it cannot be counted as available cash.



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4. Review draft budget and rates for Fiscal Year 2016-2017 and provide input and direction to staff as needed.

CEO Syphers thanked staff for work on data used in preparation of the draft budget. He reviewed the process and timeline for the current budget process.

CM Spaulding stated that relevant to the budget, SCP needs to be investing in lobbying efforts to address ratemaking issues. CEO Syphers stated that these costs are included in the budget and there are plans to bring in a full-time compliance manager. CM Renfro asked about the need to continue mirroring the structure of PG&E rates. CEO Syphers stated that legally, SCP can change rates, but it is not currently practical to do so because of the meter reading process.

Public Comment on *Budget*:

Paul Feinstein – asked if in the long run is SCP looking at decoupling from the major infrastructure that PG&E is charging for. CEO Syphers stated that would be considered municipalization and that we are not planning that at this time.

George Beeler - In regards to the issue of the costs of the grid, as market is changing more towards photovoltaics, it seems that enlarging the grid seems less necessary and are there people overseeing PG&E to see that they are planning for future use and not over building. CM Como responded that distribution resource plans are something to look at on the CPUC website and that large projects are reviewed by CPUC. The process should be followed and it is important to understand what the IOU's priorities are.

Public Comment on *Rates*: None

CEO Syphers stated staff proposals for possible rate reductions and the reasoning behind each are presented, while allowing for the 4% minimum contribution to reserves. The largest risk factor for SCP is not having sufficient cash on hand to weather unexpected events. Building reserves is still critical, as well as having cash on hand to support the procurement team during power negotiations.

The EverGreen premium has been at 3.5 cents per kWh based on current contracts. The intent in the draft budget is to charge the actual premium, not to accumulate funds. That premium should change to 2.5 cents per kWh in July to recognize the lower costs associated with local power.

An increase in the Programs budget was brought up to the BOC. Committee members were generally in favor, but did not review the details of how to spend the money. The BOC responded favorably to the idea of having the funds available, knowing that large contracts would have to go through the regular review process.



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CEO Syphers reviewed the line items on the draft budget, revenue, expenditures, other uses and debt services, which were all used to figure the revenue requirement that rates are based upon.

CM Williamson asked to see net income or gross profit from operations. CPA Mike Maher stated it can be presented in a variety of formats. CM Spaulding expressed appreciation of the format and options. She is still very concerned that the budget for outreach and communications on compliance issues is inadequate. CM Como expressed support for what was offered, agreed it is prudent to put aside more money for reserves and the ability to leverage and compete in markets. CM Fenichel stated it is an ideal time to lower rates to capitalize on energy prices and still increase reserves. CM Renfro agreed on the balance of lower rates and increased reserves, paying off debt, and expanding programs and staff. CM Williamson stated there is still a need to have a balance of benefits to the ratepayers. Chair Deicke stated that the EV programs investment appears to benefit only a small portion of customers. CEO Syphers stated no funds have been spent on EV infrastructure planning, except for staff time. The idea for moving 5% of Sonoma County drivers to electric vehicles would benefit all SCP customers as a way to help managed loads on the grid, while supporting lower energy costs and more renewable energy on the grid. Chair Deicke proposed a different alternative where reserves are built more aggressively. CM Williamson asked to include volumes based on rates and see what current rates are side by side for comparison.

Public Comment:

Paul Brophy – Echoed CM Williamson’s request to show volumes in the budget for clearer comparisons year to year.

George Beeler - Stated a reduction in programs is going in the wrong direction and that this is a unique time to work on large-scale EV projects with a good team of partners.

Bill Mattinson – Stated it is important to remember the proposed \$6million in the budget for Programs is a placeholder and any unspent funds go into Reserves.

Ken Wells – Suggested lowering the percentage of rate savings to 1% to provide extra to reserves and keep the same amounts in programs.

Paul Brophy – Stated he is an advocate for building strong reserves and needs a detailed analysis on what are the biggest risks and suggests staff or a consultant work on figures.

CM Spaulding stated appreciation that SCP is unique and looking into separating from PG&E rates in the future, also the ability of SCP to generally promote and bring



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programs on board using our publicity and communications potential to get the word out in a positive way. She stressed the need to trust staff with intricate details.

CM Como asked if was possible to summarize what would be achieved with \$2.5 M in programs vs. the \$6M proposed. He would like to see that we are planning for programs futures along with competitive rates.

CM Renfro stated the 2% decrease in rates would show SCP is still trying to compete with PG&E and work towards programs that will be impactful.

Chair Deicke summarized direction to staff for the March 3, 2016 Board of Directors' meeting.

Broad support for budget, as presented

Need to show granularity for program expenses at both \$2.5 and \$6 million levels  
EV program, could be perceived as a potential subsidy from outside sources

Continue working on the ability to decouple our rates and comparison to PG&E

Reserve contributions are critical, feeling that it will aid with stability, purchases, and overall organizational health.

Public Comment: None

5. Set a date for the next Ratepayer Advisory Committee meeting

April 12<sup>th</sup> was the agreed upon date for the next RAC meeting.

### III. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

Chair Deicke again expressed the need to consider how we can quantify/qualify the local job impacts that SCP promised in the early stages, if possible. He would like to add to a future agenda to discuss.

CM Williamson asked that the \$50M in savings to SCP customers and the impacts on the economy needs to be studied, as well.

### IV. ADJOURN (11:56) by Chair Deicke

Respectfully submitted,

Stephanie Reynolds,  
Internal Operations Manager