

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**January 22, 2020**

The agenda having been posted on Friday, January 17, 2020, the Public Hearings / Regular Meeting of the Public Utilities Board (Board) were called to order by Chairperson E. Medrano at 5:00 p.m. on Wednesday, January 22, 2020, in the 2<sup>nd</sup> Floor Gordon Hoyt Conference Room, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

**Board Members Present:** Chairperson E. Medrano, Vice-Chairperson J. Seymour, R. Bhalla, J. Showalter, R. Gaona, V. Baroldi, A. Abdulrahman

**Board Members Absent:** None.

**City Staff Present:** D. Lee, M. Moore, J. Lonneker, B. Beelner, A. Kott, G. Bowen, J. Lehman, P. Oviedo, M. Seifen, L. Quiambao, J. McBride, T. Cooke, T. Mardikian, D. Ballin, D. Algarne, A. Nguyen, S. Smith, P. Bogdanoff

**Guest(s) Present:** Eileen Eldridge - CCR, S. Nguyen, J. Falt, R. Gormin, S. Capone, M. Jeffery, J. Ramirez, Z. McBride, J. Gomez, M. Chavez, J. González

**AGENDA ITEM**

**ACTION TAKEN**

**1. RECOGNITION OF THE METROPOLITAN WATER DISTRICT (MWD) POSTER CONTEST WINNERS.**

M. Moore, Assistant General Manager – Water Services, recognized Avan Nguyen for the selection of his poster as part of the Metropolitan Water District of Southern California (MWD) 2020 Water Conservation Poster Contest. The Board recognized and congratulated him for his artwork.

**2. PUBLIC COMMENTS.**

There being no public comments, Chairperson E. Medrano closed the public comments portion of the meeting.

**3. APPROVAL OF THE MINUTES OF THE REGULAR PUBLIC UTILITIES BOARD MEETING OF DECEMBER 18, 2019. \***

J. Seymour moved approval of the Minutes of the Regular Public Utilities Board Meeting of December 18, 2019. V. Baroldi seconded the motion.  
**MOTION CARRIED: 7-0.**  
**ABSTAINED: 0.**  
**ABSENT: 0.**

**4. PRESENTATION: ELECTRIC SYSTEM RELIABILITY UPDATE AND WILDFIRE CAMERA DEMONSTRATION.**

D. Algarne, Electric Operations Manager, gave a presentation on Anaheim Public Utilities (APU) 2018 Electric Reliability Report, which included the 2018 reliability metrics that are standardized throughout the industry. D. Algarne reported on APU's reliability statistics compared favorably to local investor-owned utilities and publicly owned utilities in California and across the nation. D. Algarne shared with the Board that APU is a recipient of the Reliable Public Power Provider (RP3) Platinum award, a recognition of a public utility's dedication to operating an efficient, safe, and reliable distribution system, awarded to 274 of approximately 2,000 public power utilities.

D. Algarne made the Board aware of the four top causes of power outages, which include direct buried underground cable, metallic balloons, transformer failure, and animal contact. D. Algarne then discussed areas where APU has improved outage restoration time, including automation, more advanced locating technology, situational awareness, and prediction. Additional efforts by APU are made to maintain high reliability which include vegetation management, system inspection, avian deterrent devices on overhead electrical lines, and use of wildfire cameras.

D. Algarne then introduced Tracy Cooke, Electric Operations Manager of Field Services, who provided a demonstration to the Board of the wildfire cameras installed in East Anaheim which have the ability to pan and zoom across the High Fire Threat Zones. T. Cooke demonstrated to the Board how the cameras are accessed through the AlertWildfire.org web-portal, a regional network of cameras across the western states, which gives Anaheim Fire and Rescue (AF&R) dispatchers the ability to zoom remotely to areas when a fire is reported. T. Cooke shared with the Board the feedback from AF&R on how they can obtain more accurate situational awareness of the source of the fire enabling them to target resources efficiently. T. Cooke then shared with the Board camera views of an actual event captured in October 2019 during the Contempo Fire in Gypsum Canyon where AF&R captured the view of the fire ignition point, verified and confirmed the location with the Orange County Fire Authority (OCFA) who

then dispatched aircraft with fire retardant to sequester the flames.

After the camera demonstration, D. Algame summarized for the Board the conclusions reached from the 2018 Electric Reliability Report, that reliability remains the focus of the utility, and that long-term capital investments on infrastructure have improved reliability significantly, and will continue to seek additional preventative measures to reduce power outages.

**5. PUBLIC HEARING: PROPOSED INCREASES TO THE WATER COMMODITY ADJUSTMENT (W-CA) AND WATER SYSTEM RELIABILITY ADJUSTMENT (W-SRA) RATES AND CORRESPONDING REVISIONS TO SCHEDULES W-CA AND W-SRA OF THE WATER RATES, RULES AND REGULATIONS; AND PROPOSED MODIFICATIONS TO RULE NOS. 1, 2, 9, 10, 11, 12, AND 26 AND THE ADDITION OF RULE NO. 21 OF THE WATER RATES, RULES AND REGULATIONS; AND A DETERMINATION THAT THESE MODIFICATIONS ARE EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO THE PUBLIC RESOURCES CODE SECTION 21080(B)(8), AND SECTIONS 15061(B)(3) AND 15273(A) OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. \***

The Public Hearing was called to order by Chairperson E. Medrano.

6:06 PM – Board Member Ravnish Bhalla excused himself from the meeting.

B. Beelner, Assistant General Manager – Finance and Administration, presented oral testimony explaining that APU is proposing to increase the Water Commodity Adjustment (W-CA) and Water System Reliability Adjustment (W-SRA) of the *Water Rates, Rules and Regulations*. The rate proposal will help to recover increasing wholesale water costs, primarily driven by a decrease in the amount of groundwater and a corresponding increase in the amount of imported water used to serve APU customers, and provide capital funding to address aging pipelines and other capital infrastructure needs. B. Beelner also noted proposed modifications to Rule Nos. 1, 2, 9, 10, 11, 12, and 26 and the addition of Rule No. 21.

D. Lee, Public Utilities General Manager, stated that 80,818 Notices of Public Hearing were mailed and, of those, 1,509 notices were in Spanish and 79,309 notices were in English. He also shared that 54 written protests were received as of the public hearing date.

The Public Utilities Department presented prepared testimony and oral testimony in support of its proposed (1) water rate increase to the Water Commodity Adjustment (W-CA) and Water System Reliability Adjustment (W-SRA) and (2) the proposed modifications to Rule Nos. 1, 2, 9, 10, 11, 12, and 26 and the addition of Rule No. 21.

Upon the completion of the testimony and public comment, Chairperson E. Medrano entertained the following motion from A. Kott, who moved that all evidence, oral and written, submitted by staff, including the Prepared Testimony with exhibits from B. Beelner; the Affidavits of Publication of the Notice of Public Hearing; the Certificate of Mailing; and the written protests filed with the Secretary of the Board become part of the record and submitted into evidence. Chairperson E. Medrano granted A. Kott's motion.

Chairperson E. Medrano next entertained A. Kott's request to close the record of the public hearing because there were no further

Upon conclusion of the foundational testimony, Board members asked staff several questions regarding water treatment options, alternative uses for contaminated water, and how frequently the water is tested. D. Lee and M. Moore responded to the Board's questions by explaining that the water distribution system is not designed to deliver potable and non-potable water separately, with the exception of recycled water in the Downtown Anaheim area. APU performs approximately 44,000 water quality tests each year and is researching potential treatment options to determine what option is best suited to address water quality regulations.

The Board also asked staff if deferring spending on infrastructure would reduce the proposed rate increase. D. Lee and B. Beelner responded to the Board's inquiries by explaining that deferring necessary infrastructure projects does not reduce water supply costs and is not a sustainable practice. It would be more costly in the long term and may negatively impact the reliability of the water distribution system.

The Board inquired about the health consequences of consuming water containing PFAS (per- and polyfluoroalkyl substances) contaminants. D. Lee, M. Moore, B. Beelner, and J. Lehman, Chief Risk Officer, responded by explaining that the health consequences are still being evaluated. However, APU is taking action to mitigate customers' exposure to PFAS contaminants in drinking water now that testing methods are available, and have therefore shut off wells. The consequence of shutting off wells is that additional imported water needs to be purchased at a substantially higher cost.

After Board questions were addressed, Chairperson E. Medrano asked if there were any members of the public who would like to speak either in favor of or in opposition to the proposed modifications to the *Water Rates, Rules and Regulations*. There being no public comments. D. Lee made closing remarks.

A verbatim transcript of the Public Hearing with all testimony and exhibits that were a part of the public hearings was prepared by the Court Reporter. The certified original transcript is on file in the 11<sup>th</sup> floor Department Records, Public Utilities Department, Anaheim West Tower. A certified copy of the original transcript is on file in the City Clerk's office, 2<sup>nd</sup> floor, City Hall.

**6. PUBLIC HEARING: PROPOSED MODIFICATIONS TO SCHEDULE TES (THERMAL ENERGY STORAGE) AND D-NEM (DEVELOPMENTAL NET ENERGY METERING) AND RULE NOS. 1, 2, 9, 10, 11, 21, AND 22 OF THE ELECTRIC RATES, RULES AND REGULATIONS; AND A DETERMINATION THAT THESE MODIFICATIONS ARE EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO THE PUBLIC**

witnesses or evidence to be submitted by the Department for the Board's consideration. Since no objections to Staff's request were interposed, Chairperson E. Medrano closed the Public Hearing.

Chairperson E. Medrano summarized the prior testimony of D. Lee, concluding that the number of protests received did not constitute a majority protest to the proposed increases to the W-CA and W-SRA.

A. Abdulrahman moved that the Board recommend to the City Council, by resolution, that it (1) determine that the modifications to the *Water Rates, Rules and Regulations* are exempt under CEQA, (2) approve the proposed modifications to Rule Nos. 1, 2, 9, 10, 11, 12, and 26 and the addition of Rule No. 21 of the *Water Rates, Rules and Regulations*. R. Gaona seconded the motion. **MOTION CARRIED: 6-0. ABSTAINED: 0. ABSENT: 1. R. Bhalla**

The Public Utilities Department presented prepared testimony and oral testimony in support of its proposed modification to Schedule TES, Developmental Schedule D-NEM, and modifications to

**RESOURCES CODE SECTION 21080(B)(8), AND SECTIONS 15061(B)(3) AND 15273(A) OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. \***

The Public Hearing was called to order by Chairperson E. Medrano.

B. Beelner presented oral testimony explaining that APU is proposing modifications to Schedule TES, Developmental Schedule D-NEM, and Rule Nos. 1, 2, 9, 10, 11, 21, and 22 of the *Electric Rates, Rules and Regulations*. B. Beelner explained that modifications to Schedule TES will make the summer and winter months consistent with other seasonal rate schedules, adjust the time-of-use periods to better align with grid conditions, improve cost recovery from TES customers, and close the rate to new participants while allowing current TES customer to remain on the TES rate. B. Beelner described modifications to Schedule D-NEM that allow existing NEM customers as of December 31, 2020 to remain on the existing NEM rate and establish a new NEM rate for new solar installations beginning January 1, 2021. B. Beelner explained that the new NEM rate will compensate customers for excess energy based on the time of day they provide that energy to the grid, with higher compensation rates for energy delivered to the grid when it is needed most, which encourages customers to invest in energy storage technologies to complement solar panels.

B. Beelner highlighted proposed rule revisions that provide customers with a Level Pay billing option to help them avoid seasonal fluctuations in their utility bills, provide more time for customers to question and formally dispute their utility bill, help ensure that customer-specific electric facilities installed at a customer's request and subsequently abandoned by the customer are not subsidized by non-benefiting customers, and administrative modifications to clarify rules and define terms.

D. Lee answered questions regarding the publication of public hearing notice.

Upon conclusion of the foundational testimony, the Board asked staff why only three customers participate on the Thermal Energy Storage rate. D. Lee responded by explaining that converting existing cooling systems to a thermal energy storage system is cost prohibitive for many customers.

The Board also inquired of staff regarding the proposed Level Pay program, including why the program is only available to residential and small commercial customers. Staff responded that larger businesses pose more of a financial risk to APU if they are unable to pay their bills.

Rule Nos. 1, 2, 9, 10, 11, 21, and 22 of the *Electric Rates, Rules and Regulations*.

Upon the completion of the testimony and public comment, A. Kott moved that all evidence, oral and written, submitted by staff, including the Prepared Testimony with exhibits from B. Beelner; and the Affidavits of Publication of the Notice of Public Hearing become part of the record and submitted into evidence. Chairperson E. Medrano granted A. Kott's motion.

Chairperson E. Medrano next entertained A. Kott's request to close the record of the Public Hearing because there were no further witnesses or evidence to be submitted by the Department for the Board's consideration. Since no objections to Staff's request were interposed, Chairperson E. Medrano closed the public hearing.

J. Seymour moved that the Board recommend to the City Council, by resolution, that it determine that the modifications to the *Electric Rates, Rules and Regulations* are exempt from CEQA and approve the proposed modifications to Schedule TES, Developmental Schedule D-NEM, and Rule Nos. 1, 2, 9, 10, 11, 21, and 22 of the *Electric Rates, Rules and Regulations*. V. Baroldi seconded the motion

After Board questions, Chairperson E. Medrano asked if there were any members of the public who would like to speak either in favor of or in opposition to the proposed modifications to the *Electric Rates, Rules and Regulations*. There were no public comments. D. Lee made closing remarks.

A verbatim transcript of the Public Hearing with all testimony and exhibits that were a part of the public hearings was prepared by the Court Reporter. The certified original transcript is on file in the 11th floor Department Records, Public Utilities Department, Anaheim West Tower. A certified copy of the original transcript is on file in the City Clerk's office, 2nd floor, City Hall.

**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1 [R. Bhalla].**

**7. APPROVAL OF AN INTERCONNECTION MAINTENANCE AND WATER EXCHANGE AGREEMENT TO FACILITATE THE EXCHANGE OF WATER WITH THE CITY OF ORANGE. \***

M. Moore introduced the proposed agreement with the City of Orange. APU has interconnections with all the surrounding water agencies in order to maintain reliability and dependability in case of an emergency. There are five (5) interconnections with the City of Orange. Some are used on a regular basis and some for emergencies. The proposed agreement describes each agency's responsibilities in operating and maintaining the connections. The agreement is for 25 years and includes provisions to true-up any unbalance at the end of each year. A Board member asked why the agreement was for 25 years. D. Lee responded the agreement includes the ability to adjust based on approved MWD water rate changes over time and staff therefore proposed the 25 year term.

V. Baroldi moved approval of an Interconnection Maintenance and Water Exchange Agreement to Facilitate the Exchange of Water with the City of Orange. J. Seymour seconded the motion.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1 [R. Bhalla].**

6:44 PM – Board Member Ravnish Bhalla rejoined the meeting after motion was carried.

**8. APPROVAL OF AMENDED AND RESTATED TRANSMISSION CONTROL AGREEMENT BY AND AMONG THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (CAISO) AND THE TRANSMISSION OWNERS, INCLUDING THE CITY OF ANAHEIM. \***

G. Bowen, Assistant General Manager – Power Supply, provided the Board with an overview on the Amended and Restated Transmission Control Agreement. He shared that in 2002, City Council authorized the Department to transfer operational control of its high voltage transmission lines to the California Independent System Operator (CAISO) using the Transmission Control Agreement (TCA). He indicated that the TCA authorized the Department to become a Participating Transmission Owner and allowed the CAISO to operate transmission lines with corresponding costs to move energy from various resources. He

A. Abdulrahman moved approval of Amended and Restated Transmission Control Agreement by and among the California Independent System Operator Corporation (CAISO) and the Transmission Owners, including the City of Anaheim. R. Gaona seconded the motion.  
**MOTION CARRIED: 7-0.**  
**ABSTAINED: 0.**  
**ABSENT: 0.**

stated that the TCA was previously amended in 2012 to add additional PTOs, which is largely an administrative update and that this amended TCA was the result of additional participants and address CAIOS administrative changes.

**9. QUARTERLY STATUS REPORTS ON CAPITAL IMPROVEMENT PROJECTS, MASTER AGREEMENTS, GENERAL SERVICES AGREEMENTS, AND SPOT BID AWARDS.**

M. Moore discussed the Water General Service Agreement (GSA) and Master Construction Agreement (MA) project awards for the fiscal year 2019-2020 noting that the number of projects awarded for this fiscal year 2019-2020 were well below previous year levels because the majority of current projects involve upgrades or replacements which would exceed the expenditure limits of these agreements capped at \$400,000 and \$500,000 respectively.

Projects exceeding those limits are captured in the Capital Improvement Projects dashboard which M. Moore noted are below budgeted expenditures for this mid-point in the fiscal year, and explained that multi-year project budgets are reflected in the single year the project is awarded for construction, and not expected to be completely expended in that one year timeframe.

J. Lonneker, Assistant General Manager – Electric Services, noted that the electric capital project expenditures were at expected mid-fiscal year levels. J. Lonneker highlighted the near completion of the Euclid undergrounding project and M. Moore highlighted the completion of the Lenain Treatment plant renovation amongst the capital improvement projects currently under construction in the respective divisions.

**10. UPDATE ON ELECTRIC SYSTEM ISSUES.**

J. Lonneker shared with the Board that provisions were in place for the utility to minimize power outage risk over the weekend in consideration of several public events, including the National Association of Music Merchants (NAMM) convention. There were no disruptions of the electric system during that time.

**11. UPDATE ON WATER SYSTEM ISSUES.**

M. Moore reviewed the water supply dashboard for the month of January. An overview of APU's high efficiency clothes washer program for income qualified customers was provided. The program provides a direct install of a new clothes washer at no cost to the income qualified customer. Last year APU installed 35 clothes washers to help customers reduce water usage.

The Orange County Register published an article that described the intern program at California State University Fullerton. It highlighted one of the APU interns in the Water Engineering Department.

On January 18<sup>th</sup>, APU used a large crane to replace the large pumps in the Recycle Water Demonstration Facility adjacent to City Hall. The crane successfully removed the pumps through the roof with no damage or interruption to traffic around City Hall.

## **12. UPDATE ON FINANCE ISSUES.**

B. Beelner discussed the monthly dashboard with the Board - the fiscal year to date electric revenue through December 31, 2019 was 2.7% below budget (\$6.4M) due primarily to a temperate summer causing low retail demand coupled with lower than expected wholesale revenue driven by lower than expected wholesale prices. Costs for the fiscal year fell below budget by 7.3% (\$16.8M) also due to lower than expected demand and lower than expected wholesale power prices causing a positive net budget variance of \$10.4M. B. Beelner then mentioned that year to date water revenue was 3.8% (\$1.8M) below budget due to weaker than anticipated customer demand as a result of the temperate summer. Costs were below budget as well by 3.9% (1.6M) causing a negative net budget variance of \$0.2M.

B. Beelner discussed the current state of the municipal bond market in anticipation of APU's upcoming sale of the 2020 Revenue Bonds approved by the Board and the City Council. He mentioned that recent geo-political volatility had caused a spike in interest rates. This spike, however, subsided with interest rates reverting back to near December 2019 levels.

## **13. UPDATE ON POWER SUPPLY ISSUES.**

G. Bowen provided an update on APU's Power Supply Portfolio performance for the month of December. He indicated that overall the portfolio met the forecasted targets with the exception of the wind resources, which fell short of its target by 9% or 6-gigawatt hours overall. G. Bowen also shared that the Canyon Power Plant was dispatched less than forecast, and that Intermountain Power Project operated more than anticipated due to higher gas prices in the market.

## **14. UPDATE ON ENTERPRISE RISK AND COMPLIANCE.**

J. Lehman provided several updates to the Board. She invited the Board's attention to the Internal Compliance Report, and highlighted that the South Coast Air Quality Management District (AQMD) was formally notified formally that APU intends to decommission the Kraemer Power Plant, which begins the process



of terminating the AQMD permit and closing down the facility. As well, she reported that the California Department of Water Resources, Division of Dam Safety, conducted an inspection of the Walnut Canyon Reservoir Dam and that a complete report is expected in a few months. She stated that staff works effectively to keep the Department in compliance with the myriad of rules and regulations.

J. Lehman then briefly discussed the status of the current legislative session and several bills of potential interest. She wrapped up her comments by sharing that next month the Legislative Working Group will meet to review the Legislative Guiding Principles, as well as discuss the key bills that have the potential to impact APU operations.

#### **15. ITEM(S) BY SECRETARY.**

D. Lee shared with the Board the items scheduled for the following Board meeting include:

- A presentation on Safety Services
- FY 18/19 Southern California Public Power Authority (SCPPA) Expenditure Report
- Approval of Lease Renewal with MWD for Wireless Communication Site in Yorba Linda
- Approval of Bid Award for Operation and Maintenance Agreement for City-owned Electric Vehicle (EV) Chargers
- EV Cost of Ownership Evaluation Tool
- Agreement with OCWD for consulting Services Related to PFAS Treatment that will include a presentation as requested by Board Member Abdulrahman
- Approval of Contract for Utilities Graffiti Abatement, including equipment vinyl wraps

D. Lee requested that the meeting be adjourned in the name of Dr. William Kott who passed away.

#### **16. ITEM(S) BY BOARD MEMBERS.**

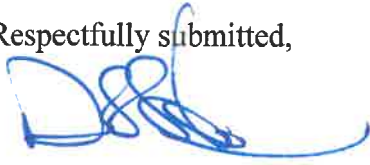
J. Showalter shared her experience with Southern California Edison after her power was shut off in Tehachapi for several days.

#### **17. ADJOURNMENT: (NEXT REGULAR MEETING ON FEBRUARY 26, 2020, AT 5:00 P.M., IN THE 11<sup>TH</sup> FLOOR LARGE CONFERENCE ROOM, ANAHEIM WEST TOWER, 201 S. ANAHEIM BOULEVARD, ANAHEIM, CALIFORNIA).**

Chairperson E. Medrano moved to adjourn the Public Hearings / Regular Meeting in Memory of Dr. William Kott at 7:01 p.m., to the Board's Regular Meeting date of February 26, 2020 at 5:00 p.m. in the 11<sup>th</sup> Floor Large Conference Room of

Anaheim West Tower. R.  
Bhalla seconded the motion.  
**MOTION CARRIED: 7-0.**  
**ABSTAINED: 0.**  
**ABSENT: 0.**

Respectfully submitted,



Dukku Lee  
Public Utilities General Manager

- \* Indicates item(s) that will be forwarded to City Council for action upon recommendation by the Board.
- \*\* Indicates item(s) that will be forwarded to City Clerk and City Council for informational purposes.