

**CITY OF ANAHEIM
PUBLIC UTILITIES BOARD**

MINUTES

February 24, 2021

The agenda, including the Teleconference Notice, having been posted on Thursday, February 18, 2021, the Public Hearing / Regular Meeting of the Public Utilities Board (Board) were called to order by Chairperson E. Medrano at 5:00 p.m. on Wednesday, February 24, 2021, in the Gordon Hoyt Conference Center, 2nd floor, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

Board Members Present: Chairperson E. Medrano, Vice-Chairperson J. Seymour, A. Abdulrahman, J. Showalter, V. Baroldi (via teleconference), N. Campos Kurtz, R. Bhalla (via teleconference), R. Gaona (via teleconference)

Board Members Absent: None.

City Staff Present: D. Lee, P. Starr, A. Kott, M. Moore, J. Lonneker, B. Beelner, J. Lehman, M. Walker, M. Seifen, F. Barvarz (via teleconference), V. Tran, S. Smith, L. Estrada (via teleconference), D. Ballin

Guest(s) Present: None.

AGENDA ITEM

ACTION TAKEN

1. PUBLIC COMMENTS.

Three public comments were submitted pursuant to the Teleconference Notice. Two comments concerning the Public Hearing (Item 5) were bifurcated so they would be part of the record of the Public Hearing. There was a delayed receipt of the third public comment inquiring about a potential renewable energy project so it was distributed to the Public Utilities Board upon receipt and the member of the public was contacted regarding the comment by the appropriate staff.

There being no oral public comments and three public comments submitted pursuant to the Teleconference Notice, Chairperson E. Medrano closed the public comments portion of the meeting.

2. RECOGNITION: JULIE SHOWALTER FOR HER SERVICE TO THE ANAHEIM COMMUNITY AS A MEMBER OF THE PUBLIC UTILITIES BOARD.

J. Showalter was recognized for her service to the community and commitment to ensuring that Anaheim Public Utilities customers received high quality service. She was presented with a proclamation and plaque in recognition of her years of service on the Anaheim Public Utilities Board.

J Showalter thanked staff and her colleagues on the Board and welcomed the newest Board Member.

3. OATH OF OFFICE: NEW AND REAPPOINTED PUBLIC UTILITIES BOARD MEMBERS.

- **DISTRICT 1 – BOARD MEMBER ABDULMAGEED (AB) ABDULRAHMAN**
- **DISTRICT 4 – BOARD MEMBER-ELECT NORMA CAMPOS KURTZ**
- **DISTRICT 5 – BOARD MEMBER ERNESTO MEDRANO**

A. Kott, Assistant City Attorney, administered the Oath of Office to the new and reappointed members of the Board.

4. APPROVAL OF THE MINUTES OF THE PUBLIC HEARING/PUBLIC UTILITIES BOARD REGULAR MEETING OF JANUARY 27, 2021. *

Vice-Chairperson J. Seymour moved approval of the Minutes of the Public Hearing / Public Utilities Board Regular Meeting of January 27, 2021. A. Abdulrahman seconded the motion.

**MOTION VIA ROLL
CALL VOTE CARRIED:
6-0.**

**ABSTAINED: 1 [N.
Campos Kurtz].
ABSENT: 0.**

5. PUBLIC HEARING: FORMATION OF UNDERGROUND DISTRICT NO. 69 (CERRITOS/NUTWOOD) AND DETERMINE SUCH ACTION IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT PURSUANT TO SECTIONS 15301(B), 15302(C), 15302(D) AND 15303 OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. *

A. Abdulrahman moved approval of formation of Underground District No. 69 (Cerritos/Nutwood). N. Campos Kurtz seconded the motion.

**MOTION VIA ROLL
CALL VOTE CARRIED:
7-0.**

**ABSTAINED: 0.
ABSENT: 0.**

D. Lee, Public Utilities General Manager, indicated that the staff report and its attachment will serve as his report under Chapter 17.24 of the Anaheim Municipal Code (AMC). J. Lonneker, Assistant General Manager – Electric Services provided a brief overview of the Underground Conversion Program, which included various projects throughout Anaheim to improve electric reliability and visibility of roadways, and introduced V. Tran, Principal Electrical Engineer, to provide the Board with a presentation on the Cerritos/Nutwood district formation and project details.

The Board inquired about the cost estimate of the Cerritos/Nutwood undergrounding, and why it was higher than what was previously proposed. V. Tran explained that the cost difference was due to extending the undergrounding limits an additional half mile on Nutwood Street from Cerritos Avenue to Ball Road. V. Tran also explained that the estimated project cost was based on historic costs from previous projects that had similar characteristics such as a railroad crossing and undergrounding high voltage transmission (69kV) facilities at the intersection of Nutwood/Ball. D. Lee mentioned that another reason to extend the project another half mile is to avoid leaving gaps of overhead facilities based on previous comments by the Underground Subcommittee, as there are also plans to underground Ball Road under the current Five-Year Plan.

After the presentation, D. Lee mentioned that Notice of Public Hearing and the City Clerk's Office mailings were conducted in accordance with Chapter 17.24 and that the Affidavit of Publication of the Notice of Public Hearing concerning this District formation was filed with the Secretary of the Board.

Chairperson E. Medrano noted that due to the COVID-19 pandemic, in-person and oral comments regarding the proposed district formation were not possible but the public was able to submit comments electronically.

Chairperson E. Medrano asked D. Lee whether the Secretary of the Board received any correspondence concerning this public hearing. D. Lee informed the Board that out of 1,006 mailed notices to agencies, including other utilities, and property owners, APU received two emails and four telephone calls. The emails and phone calls were inquiries regarding project scope. Chairperson E. Medrano moved the written correspondence into the record and thereafter closed the public hearing.

6. PRESENTATION: COMMUNITY ENGAGEMENT ANNUAL UPDATE.

L. Estrada, Community and Sustainability Programs Manager, provided the Board with an annual update on community engagement, the COVID-19 response, and energy and water efficiency results.

L. Estrada indicated that California legislation, Assembly Bill (AB) 2021 and Senate Bill (SB) X7-7, requires utilities to meet water and energy reduction goals. Through programs and initiatives, Anaheim Public Utilities (APU) met its Fiscal Year (FY) 19/20 goals; however, she indicated that next year's goals may not be met due to the pandemic and its impact on programs. L. Estrada discussed prominent community engagement opportunities such as the community pop-ups, sustainable

landscape workshops, “We Drive EVs Video Contest,” and the inaugural holiday light exchange drive-thru event.

L. Estrada indicated that deferred bill payments, extended payment arrangements, Internet Access rebates, COVID Emergency Assistance Program, Business Emergency Assistance Program, and on-site energy assessments were made available to APU customers to help them during the pandemic.

L. Estrada’s presentation also highlighted a number of activities to support Anaheim’s youth during the pandemic including, but not limited to, direct mail activity kits, solar car kits, a facemask sustainability design contest, and Sustainable Schools Award. Lastly, the Board was updated on program participation numbers and the five-year trend beginning with FY 15/16.

7. PRESENTATION: COMMUNITY CHOICE AGGREGATION.

S. Smith, Integrated Resources Manager, gave a presentation on Community Choice Aggregation, in response to a request from the Board since cities in Orange County have or are considering forming such an organization. S. Smith explained Community Choice Aggregators (CCAs) were allowed to form in 2002 based on Assembly Bill 117, and currently there are 11 million customers who receive their power from CCAs while they still receive transmission and distribution services from their existing utility. S. Smith described key considerations, highlighted some of the large CCAs, and explained how CCAs may impact APU in the future. S. Smith explained the differences between CCAs, Investor Owned Utilities (IOUs), and Public Owned Utilities (POUs) like Anaheim. In addition, S. Smith reviewed the growth of CCAs since the first one in 2010 and their procurement both historical and projected. Finally, S. Smith explained that APU is not directly impacted; however, staff is reviewing potential impacts to renewable mandates, new legislation and regulations, and if wholesale markets may change over time.

The Board asked if there are advantage for customers or cities in forming CCAs. S. Smith indicated that cities or other agencies that form CCAs get more control of the mix of power supplies, which includes options to purchase more renewable energy as a percent of their resource mix. In terms of customer impacts, CCAs have varying pricing plans, and some may have slight savings, if any, compared to the serving IOU, since they are required to pay ‘exit fees’ for stranded costs. Customers are opted into the CCA once it is formed, and if they wish to return to their IOU, they would have to opt out.

8. SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY EXPENDITURES ANNUAL REPORT (FISCAL YEAR 2019/20).

B. Beelner, Assistant General Manager – Finance and Energy Resources, provided the Board with an update on expenditures. He indicated that \$80.5M from APU’s FY20 budget was allocated towards projects completed with Southern California Public Power Authority (SCPPA) that allows public utilities to jointly participate in projects for economies of scale. The majority of expenses are for transmission, power generation, and fuel.

9. UPDATE ON ELECTRIC SYSTEM ITEMS.

J. Lonneker shared that APU received approval of a Federal Emergency Management Agency (FEMA) grant that will cover 75% of the estimated \$1.1M design and engineering costs of undergrounding seven separate segments of overhead electric lines located in the high fire threat zones (HFTZ) in Anaheim. A subsequent phase for construction is subject to FEMA approval after completion of the design. J. Lonneker discussed the process of the application for the grant and indicated that she will continue to provide updates on the progress of the project.

10. UPDATE ON WATER SYSTEM ITEMS.

M. Moore, Assistant General Manager – Water Services, reviewed the water dashboard for the month of February. He indicated that precipitation in Orange County, northern California, and Colorado River basin are all in dry conditions. Imported water storage supplies are still high and APU should not be in mandatory cutbacks this year.

M. Moore indicated that there have been a few articles in the news on ethics claims against Metropolitan Water District (MWD) management. Recently the Los Angeles City Council sent a letter to MWD demanding a formal investigation. M. Moore shared that the MWD Board is looking into these allegations and taking it very seriously.

Lastly, M. Moore provided an update on the Linda Vista Complex construction project. He indicated that upgrades to mechanical and electrical equipment are scheduled to be completed this Spring, and he shared photos of Board members who participated in a tour of the construction activities.

11. UPDATE ON FINANCE & ENERGY RESOURCES ITEMS.

B. Beelner shared with the Board that Moody’s Investor Services cut the City of Anaheim’s rating three notches from AA1 to A1 as a result of the ongoing pandemic and its impact on the City’s

revenue stream. This change did not affect APU's rating at this time.

B. Beelner then discussed the monthly finance dashboard with the Board - the year to date electric revenue through January 31, 2021 was 0.7% below budget (\$1.8M) due primarily to decreased commercial and industrial demand. Electric costs for the fiscal year fell below budget by 6.6% (\$14.5M) causing a net positive budget variance of \$12.7M. B. Beelner then mentioned that year to date water revenue was 4.8% (\$2.9M) below budget also due to weaker than anticipated commercial and industrial demand because of continued business restrictions related to the COVID-19 pandemic. Costs were below budget as well by 5.8% (\$2.7M) a negative \$0.2M budget variance.

B. Beelner discussed the monthly Power Supply Dashboard. He mentioned that APU has been able to sell more power on the wholesale market than originally budgeted as a result of continued excess power available and higher than expected wholesale prices.

B. Beelner mentioned the power supply shortage in Texas during their recent extreme winter weather event and the failure of the Electric Reliability Council of Texas (ERCOT) to provide power to the state for multiple consecutive days. B. Beelner compared and contrasted the situation in Texas with the brownouts in California during the August 2020 heat dome over the Western United States; specifically, he mentioned that Texas was 30,000 Megawatts (MW) short of power during their energy crisis, while California was only 1,000 MW short. He indicated that Anaheim customers suffered brownouts for only one hour during the heat wave in 2020 compared to the multiple days of brownouts in Texas.

B. Beelner then discussed with the Board that natural gas prices spiked up to approximately \$135/MMBtu during the winter storms that covered much of the United States as national demand outstripped supply due to heating and power needs. Anaheim was able to sell excess gas it purchased for \$3.50/MMBtu because one of its gas plants was down for maintenance resulting in an excess supply. The Board members asked if these price spikes caused concern for the potential of continued elevated natural gas prices. B. Beelner mentioned that he did not believe they did, he believed that there was still a sufficient supply of natural gas - the problem this winter was due to the freezing of natural gas wells causing a dramatic drop in production.

B. Beelner then indicated to the Board that the Desert Harvest II solar plant that provides Anaheim 36 MW through a 25-year agreement with Southern California Public Power Authority (SCPPA) came online in December 2020. Anaheim does not need the power from Desert Harvest II, but it does need the renewable

attributes required to meet the state's renewable power supply mandates. B. Beelner explained to the Board that this plant provides those renewable attributes for Anaheim at a price of \$15.25/MWh while the power is provided to the grid.

12. UPDATE ON ADMINISTRATION & RISK SERVICES ITEMS.

J. Lehman, Interim Assistant General Manager – Administration and Risk Services, discussed the Internal Compliance Plan in their packet and shared highlights indicating that all programs were in compliance, and there were no violations during this period.

J. Lehman then provided an update on improvements made recently to the residential and small business customer Level Pay program, which allows customers to manage their utility payments. She indicated that last month Board Member V. Baroldi had highlighted an issue with the program that allowed APU to make improvements to bill notifications and training of staff members. She also indicated that APU was working on developing a pilot for a business Level Pay program.

J. Lehman then shared that APU began welcoming customers back to the Anaheim West Tower building in early February 2021 serving about 50 customers a day, as compared to approximately 130 customers before the COVID-19 pandemic. J. Lehman noted that the customer visits were mostly identification verifications for new services. She indicated that many other services could now be provided over the new phone system that was put into place last year.

Lastly, J. Lehman introduced a new dashboard that will initially cover key legislative bills and safety, and over time will be modified to address other areas as needed. J. Lehman highlighted several interesting bills, and shared that the next Legislative Working Group meeting is planned for March. She then went over the safety section of the new dashboard, which provides a year-to-date comparison of APU's key safety metrics, which are used to monitor the effectiveness of the safety program.

13. ITEM(S) BY SECRETARY.

D. Lee mentioned there would be a virtual Brown Act training offered to the Board in March that will be conducted by the City Attorney.

P. Starr will email the Board with the information pertaining to the virtual Brown Act training.

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

- Safety Services Presentation
- Department Order – Safety Accident Prevention Manual

- Electric Reliability Presentation
- Bi-Annual Utilities Success Indicators report
- Design-build agreement for Groundwater Treatment
- Agreement for Software Solution for Rebate Processing
- Agreement for utility-owned solar O&M services

D. Lee shared photos of APU employees who have volunteered at the vaccine Points of Dispensing (POD) sites in Anaheim.

D. Lee requested the meeting be adjourned in memory of John Pellegrino, Electric Capital Project Manager, who recently passed away. He and J. Lonneker shared about J. Pellegrino's significant contributions to Anaheim customers through his protection engineering and automation projects.

14. ITEM(S) BY BOARD MEMBERS.

R. Gaona expressed his condolences to the family of John Pellegrino.

V. Baroldi thanked J. Lehman for discussing the Level Pay program with him. He thanked M. Moore for the tour of the Linda Vista complex. He sent his condolences to the Pellegrino family.

A. Abdulrahman mentioned he enjoyed the tour of the Linda Vista complex. He expressed his condolences to the Pellegrino family.

J. Seymour enjoyed the Linda Vista complex tour and recommended Board Members schedule a tour. J. Seymour also expressed his condolences to Pellegrino family.

N. Campos Kurtz stated her condolences and prayers to the Pellegrino family. She thanked staff for welcoming her to the Board and for all the information that has been provided to her.

E. Medrano welcomed N. Campos Kurtz to the Board. He then expressed his condolences to the Pellegrino family. He also thanked staff for the presentation on CCAs as the topic is being discussed more in Orange County.

15. ADJOURNMENT: (NEXT REGULAR MEETING ON MARCH 24, 2021 AT 5:00 P.M. PLEASE BE ADVISED THAT SOME OF THE BOARD MEMBERS MAY PARTICIPATE IN THIS MEETING REMOTELY.)

Chairperson E. Medrano called for a moment of silence, followed by a call for a motion to adjourn the meeting in Memory of John Pellegrino.

Vice-Chairperson J. Seymour moved to adjourn the Regular Meeting in Memory of John Pellegrino at 6:54 p.m., to the Board's Regular Meeting date of March 24, 2021 at 5:00 p.m. A. Abdulrahman seconded the motion. **MOTION VIA ROLL CALL VOTE CARRIED: 6-0.**

ABSTAINED: 0.
ABSENT: 1 [R. Bhalla].

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.