

**CITY OF ANAHEIM
PUBLIC UTILITIES BOARD**

MINUTES

September 22, 2021

The agenda, including the Teleconference Notice, having been posted on Thursday, September 16, 2021, the Public Hearing / Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson J. Seymour at 5:00 p.m. on Wednesday, September 22, 2021, in the Gordon Hoyt Conference Center, 2nd floor, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

Board Members Present: Chairperson J. Seymour, Vice-Chairperson V. Baroldi, A. Abdulrahman, N. Campos Kurtz, M. Lee

Board Members Absent: R. Bhalla, R. Gaona

City Staff Present: D. Lee, P. Starr, A. Kott, D. Ballin, M. Moore, J. Lonneker, B. Beelner, J. Lehman, M. Avelino-Walker, E. Krause, B. Fruchter, V. Tran

Guest(s) Present: Mayor Pro Tem, Stephen Faessel; Bill and Karen Sullivan, Resident; William Leming, Resident; Tuan Le, Resident

AGENDA ITEM

ACTION TAKEN

1. PUBLIC COMMENTS.

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

2. APPROVAL OF THE MINUTES OF THE PUBLIC UTILITIES BOARD REGULAR MEETING OF AUGUST 25, 2021. *

Vice-Chairperson V. Baroldi moved approval of the Minutes of the Public Utilities Board Regular Meeting of August 25, 2021. N. Campos Kurtz seconded the motion.
MOTION CARRIED: 5-0.
ABSTAINED: 0.

ABSENT: 2 (R. Bhalla & R. Gaona).

3. PUBLIC HEARING: FORMATION OF UNDERGROUND DISTRICT NO. 70 - WILDFIRE MITIGATION UNDERGROUNDING IN FIRE THREAT ZONES 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 the approval of the Public Hearing: Formation of Underground District No. 70 Wildfire Mitigation Undergrounding in Fire Threat Zones. N. Campos Kurtz seconded the motion. **MOTION CARRIED: 5-0.**

ABSTAINED: 0.
ABSENT: 2 (R. Bhalla & R. Gaona).

Chairperson J. Seymour opened the public hearing and explained the public hearing procedures.

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) and asked J. Lonneker, Assistant General Manager – Electric Services, to introduce the presenter. J. Lonneker 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 proposed underground district formation and discussed the project details.

After the presentation, D. Lee mentioned that the 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.

The Board inquired about what would happen if this project does not receive FEMA funding approvals for the construction phase of the project. D. Lee indicated that funding approvals for the construction phase is not a guarantee, and that Anaheim Public Utilities (APU) will look into other options such as financing the construction phase if FEMA does not approve additional funding. D. Lee indicated that APU would like to capitalize on federal funding where possible. The Board then inquired about why the telecommunication companies take a long time to complete their undergrounding. D. Lee explained the joint trench process, and indicated that telecommunication companies have limited resources allocated to these undergrounding projects since they are also supporting other utilities and municipalities.

The Board opened the hearing to the public, and asked if there were any members of the public who wished to speak. There were two public speakers for this item. The first speaker (Karen Sullivan – 7550 E. Martella Lane) inquired about whether new taxes will be

imposed onto the property owners as part of this project, and how will the proposed work impact the private roadways. V. Tran indicated that there are no taxes associated with undergrounding projects, and that the project design will take into account the most optimal route for the new underground facilities. He indicated that the City will repair the roadways that are impacted by the underground construction. The second speaker (William Leming – 725 Paseo Cumbre) expressed his concerns about the existing LED lights being too bright within the Anaheim Hills Golf Course parking lot. Since Mr. Leming also expressed the same concerns through an email correspondence prior to the public hearing, D. Lee asked if it was acceptable to address Mr. Leming’s concerns as part of the correspondence update to the Board. The resident and the Board agreed to the suggestion.

Chairperson J. Seymour asked D. Lee whether the Secretary of the Board received any correspondence concerning this public hearing. D. Lee informed the Board that out of 1,203 mailed notices to affected property owners, APU received three emails. The first email correspondence was from Southern California Gas Company indicating that they do not have any transmission gas facilities within the project limits. The second email correspondence was from a resident expressing support of the proposed project. The resident is planning to construct a residential home and staff will work to coordinate the timing of the development with the proposed undergrounding. The third email correspondence was from William Leming who wanted more clarification on whether new taxes will be imposed onto properties within the proposed underground district. The resident also inquired about the proposed plan to install new LED street lighting. The resident expressed concerns with the existing LED lights being too bright within the Anaheim Hills Golf Course parking lot, and had questions about the lighting levels for the proposed LED street lighting. Staff contacted the resident to explain that there are no taxes associated with undergrounding projects, and that the street lights will not be as bright as the parking lot and could be shielded to address specific areas. Staff also offered to coordinate with the golf course operator, who installed the lights to address security needs, and has asked the light manufacturer if they have a shield solution. Staff will continue to help develop a solution for the parking lot lights.

With no further questions from the Board, Chairperson J. Seymour closed the public hearing.

4. PRESENTATION: WATER SYSTEM RELIABILITY.

M. Moore, Assistant General Manager – Water Services, presented the annual Water System Reliability presentation. Metrics were reviewed in three categories; reliability, efficiency and supply. Water reliability has been consistent with past years and APU is

working to improve outage duration by utilizing new equipment and technology. Water supply did not meet the normal goals for groundwater supply due to fourteen wells being offline due to water quality. The wells will be brought back to service over the next three years with the Groundwater Treatment Program. As previously requested by the Board, M. Moore indicated that annual tracking was included in the presentation to reflect historical trends.

The Board further inquired about the timeframe for the groundwater treatment project, water supply demands, types of pipes used in construction, and costs for treatment chemicals. M. Moore address the questions, explaining that the groundwater treatment program would start coming online in 2023. He explained that water demands have significantly decreased over the past decade and is now about 60 million gallons per day. He also explained that water pipes are either PVC or ductile iron depending on the soil in the location of the water pipes.

5. PRESENTATION: RENEWABLES PORTFOLIO STANDARD UPDATE.

E. Krause, Integrated Resources Manager, began the presentation showing a chart depicting the APU resource portfolio in 2004, elaborating on the coal intensive and base-loaded set of resources along with a single renewable contract for wind. E. Krause indicated that renewable requirements and timing were presented showing the increasing State mandated compliance targets along with a review of APU approved renewable targets prior to the 2030 compliance deadline.

E. Krause went over the 2020 resource portfolio and the current mix of resources and achievement of the 33% renewable target. The portfolio was discussed elaborating on the reduction in coal generation, removal of nuclear and transition to a diverse set of renewable resources and contract lengths to meet compliance and minimize rate impacts overtime. E. Krause noted that progression towards meeting renewable targets through 2030 was presented, showing compliance achievements through 2020 and targets to meet 2024 compliance with current renewable resources.

E. Krause indicated potential strategies to increase the renewable portfolio along with resources needed to integrate them into the power supply such as battery storage to achieve a 60% 2030 renewable target and progress to 2045 goal of carbon-free resources. E. Krause discussed the use and benefits of storage was reviewed along with discussion of the current APU request for proposals being developed and need to review the alternatives of direct installation vs power purchase agreements. Flexibility of

resource procurement and financing potential was reviewed, which gives APU the ability to fund projects. This led into the view of the 2030 resource portfolio depicting the use of 60% renewable resources, battery storage as well as other conventional resources remaining in the portfolio such as hydro and natural gas.

E. Krause concluded by reiterating that that APU will maintain and further achieve future targets through a sustainable and balance resource portfolio and financial flexibility, emphasizing APU is on track to achieve the 2030 renewable targets of 60% and 2045 carbon-free status.

The Board asked if APU has conducted battery research or reviews to see what other utilities are doing. Staff indicated that they have reviewed Glendale and Imperial Irrigation District's battery storage projects, and staff is also exploring joint efforts with the Southern California Public Power Authority (SCPPA) regarding battery storage.

The Board questioned if there would be increased rates due to the increase in renewable resource. Staff provided insight from the 2018 Integrated Resources Plan (IRP) results which showed approximately 15% to 20% rate increase to achieve a 50% target, emphasizing that the next IRP would likely show different results due to increased targets from state mandates. B. Beelner, Assistant General Manager – Finance & Energy Resources, provided information regarding changes in rates and noting that any increases will be designed as much as possible to minimize any shock resulting from increases in renewable costs.

The Board asked about customer engagement activities in reference to the IRP. D. Lee responded that APU conducted a number of approaches in 2018 that included student engagement and customer surveys. Customer outreach efforts will be developed during the upcoming IRP adoption process.

6. APPROVAL OF THE ACCEPTANCE OF BILL REDUCTION FUNDS ADMINISTERED THROUGH THE STATE OF CALIFORNIA IN THE APPROXIMATE SUM OF \$9M FOR COVID-19 PANDEMIC RELIEF FOR THE BENEFIT OF UTILITY CUSTOMERS TO REDUCE ELECTRIC, WATER, AND SEWER ACCOUNT ARREARAGES; AND AUTHORIZATION TO MADE ADJUSTMENTS AND APPLY BILL CREDITS TO QUALIFYING CUSTOMER ACCOUNTS CONSISTENT WITH PROGRAM GUIDELINE AND EXECUTE ANY AND ALL RELATED DOCUMENTS. *

Vice Chairperson Baroldi moved the approval of the Acceptance of Bill Reduction Funds. N. Campos Kurtz seconded the motion.
MOTION CARRIED: 5-0. ABSTAINED: 0. ABSENT: 2 (R. Bhalla & R. Gaona).

J. Lehman, Interim Assistant General Manager – Administration and Risk Services, provided an update on the status of the State's

customer arrearage programs. J. Lehman explained that over the past year and a half, because of the impacts related to the pandemic, the State Legislature approved two programs to offset utility customer arrearages. The programs cover customer arrearages from the period of March 4, 2020 to June 15, 2021, and the City of Anaheim can expect to receive approximately \$9 million in funding, with approximately \$7.3 million for electric arrearages and approximately \$1.6 million for water arrearages, with the remaining amount for wastewater arrearages. J. Lehman noted that for electric services, this represents about 13% of all accounts, and for water services this represents about 5% of all accounts. J. Lehman mentioned that the funds must be applied directly to eligible customer accounts that meet the criteria of the programs, which includes a requirement that the arrearage is overdue by 60 days. Utilities must apply for funding on behalf of their customers by December 6, 2021. Once received, all funding must be applied to customer accounts by the end of January 2022.

7. APPROVAL OF SECOND AMENDMENT TO THE SOFTWARE LICENSE AND SERVICES AGREEMENT WITH TIBCO SOFTWARE INC. TO UPDATE THE TIBCO PROCESSOR LICENSING POLICY AND AUTHORIZATION TO EXECUTE ORDER FORMS, WORK ORDERS, AMENDMENTS, AND RELATED DOCUMENTS IN AN ANNUAL AMOUNT NOT-TO-EXCEED \$200,000 FOR CHANGE ORDERS TO PURCHASE ADDITIONAL SOFTWARE LICENSES, MAINTENANCE, AND SERVICES FOR UTILITY SYSTEMS INTEROPERABILITY. *

B. Beelner explained to the Board that the City uses an enterprise bus to integrate different APU software systems together including meter data management, customer information, and outage management systems. B. Beelner explained that the agreement amendment was to update the license terms for running TIBCO software on virtual servers. There is no cost for the amendment. The item also requests authorization to purchase additional software and services as needed to provide flexibility in upgrading and implementing improvements that benefit customers in a timely manner.

Chairperson J. Seymour asked what a virtual server was. B. Fruchter, Enterprise Information Technology Manager, responded that a virtual server is a simulated server that is configured using virtualization software that runs on a large physical server or servers. The virtual servers are like containers that run software and are independent from one another and the underlying physical server. Virtualization allows optimal use of shared server hardware resources. B. Fruchter explained that the agreement amendment clarifies TIBCO Software's licensing policy regarding virtual processors.

N. Campos Kurtz moved the approval of Second Amendment to the Software License and Service Agreement. A. Abdulrahman seconded the motion. **MOTION CARRIED: 5-0. ABSTAINED: 0. ABSENT: 2 (R. Bhalla & R. Gaona).**

8. APPROVAL OF AGREEMENT FOR ENERGY AND WATER SUSTAINABILITY EDUCATION PROGRAMS AND SERVICES TO ANAHEIM STUDENTS WITH ORANGE COUNTY SUPERINTENDENT OF SCHOOLS, OPERATING INSIDE THE OUTDOORS, FOR A TERM OF THREE YEARS WITH UP TO TWO ONE-YEAR EXTENSIONS, IN AN ANNUAL AMOUNT NOT TO EXCEED \$125,000, WITH A TEN PERCENT (10%) CONTINGENCY FOR EXTRA SERVICES; AUTHORIZE AND DIRECT THE PUBLIC UTILITIES GENERAL MANAGER OR DESIGNEE TO EXECUTE ANY AND ALL RELATED DOCUMENTS AND TAKE SUCH ACTIONS AS ARE NECESSARY, REQUIRED, OR ADVISABLE TO IMPLEMENT, FUND AND ADMINISTER THE AGREEMENT. *

M. Avelino-Walker, General Services Manager, shared photos of students participating in sustainability-related activities and field trips. These programs are provided at no cost to participating schools and available to all public and private school students K through 12th grades. The programs include opportunities to learn about solar power and electric vehicles, and include eco exploratory field trips.

The new service agreement is with Inside the Outdoors (ITO) based on a request for proposals that was delayed during the pandemic. The agreement provides flexibility for both virtual and in-person programs depending on the school's preference. There were two proposals submitted, and ITO demonstrated that it met Council Policy 4.1 as the highest rated firm. They were also the more cost-effective provider, and are being recommended to continue providing sustainability educational services to Anaheim students.

9. FISCAL YEAR 2020/21 REPORT FOR DEPARTMENT ORDER 310 – EXTRA WORK/CHANGE ORDERS. **

The annual update on extra work and change orders was provided to the Board. The report is a requirement of APU Department Order (DO) 310 that documents extra work and change orders for projects administered through the Public Works Department as well as Master Construction Agreements administered by APU staff.

M. Moore reported all but one contract were within the limits and thresholds established in DO 310. The construction contract and inspection agreements for the Lenain Water Treatment Plant Rehabilitation exceeded these thresholds due to uncovering

A. Abdulrahman moved the approval of the Agreement for Energy and Water Sustainability Education Programs and Services. M. Lee seconded the motion. **MOTION CARRIED: 5-0. ABSTAINED: 0. ABSENT: 2 (R. Bhalla & R. Gaona).**

additional equipment that required replacement. These change orders were brought to City Council for approval.

J. Lonneker informed the Board that electric projects did not exceed established change order thresholds for the reporting period and discussed that some projects were completed under the awarded amount due to reduction in scope of work and unnecessary acquisition of easements.

The Board inquired how project scopes are developed, and staff informed the Board that the scope is established during the budget process and refined based upon field conditions or performance metrics.

10. UPDATE ON ELECTRIC SYSTEMS.

J. Lonneker shared with the Board that momentary power outages caused by the lighting storm on September 10, 2021 occurred when two high voltage sub-transmission lines de-energized. J. Lonneker mentioned troubleshooters discovered two smoking vaults filled with debris, water and damaged equipment and that this equipment was repaired. J. Lonneker further stated that there was enough redundancy so that service was not impacted; however, the Canyon Power Plant units were dispatched to offset load given the reduced capacity with the two de-energized lines. J. Lonneker informed the Board that engineering will initiate inspection of additional high voltage vaults and prioritize those needing sump pumps to remove the water.

11. UPDATE ON WATER SYSTEMS.

M. Moore reviewed the Water Supply Dashboard. He indicated that drought conditions still exist with our imported water supplies. M. Moore stated that Southern California is not yet in an emergency drought condition; however, conditions may change this winter if California experiences another year of below average snowpack and precipitation.

M. Moore mentioned that there will be a public outreach event at the Walnut Canyon Reservoir on October 9, 2021. M. Moore invited the Board members to come by the event and get a tour of the recently upgraded Lenain Water Treatment Plant.

12. UPDATE ON FINANCE & ENERGY RESOURCES ITEMS.

B. Beelner discussed the monthly finance dashboard with the Board. B. Beelner indicated that the year to date electric revenue through August, 2021 was 13.5% above budget (\$10.0M). The positive budget variance was driven by increased economic

activity driving up retail revenue, coupled with higher than normal wholesale energy prices allowing for higher than forecasted wholesale revenue. B. Beelner stated that electric costs for the fiscal year to date fell below budget by 8.8% (\$5.5M) causing a net positive budget variance of \$15.5M. B. Beelner then mentioned that year to date water revenue was 0.58 (\$0.1M) above budget; however, water operating costs fell below budget by 9.0% (\$1.3M) causing a net positive budget variance of \$1.4M.

B. Beelner discussed that due to higher than normal gas prices wholesale energy prices were consequently much higher than normal allowing for increased wholesale revenue. Additionally, due to the higher than normal gas prices, APU received a larger share of its power supply than normal from the Intermountain Power Project.

13. UPDATE ON ADMINISTRATION & RISK SERVICES ITEMS.

J. Lehman discussed the monthly dashboard with the Board; she highlighted three bills of interest, and said that the Legislative Wrap Up report would be provided at the next meeting.

J. Lehman then went over the safety metrics and shared that APU was meeting its targets and that the statistics were very similar to last year with the exception of COVID-19 related illnesses. J. Lehman mentioned that the metrics help APU monitor the safety program and proactively identify areas that may require further attention.

14. ITEM(S) BY SECRETARY.

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

- Electric Reliability Update Presentation
- Emergency Response Program Annual Update
- Cybersecurity Update
- Amendment for Customer Information System

D. Lee shared photos of a Popup Event at the Sunkist Gardens Mobile Home neighborhood and explained that it's a neighborhood event in which staff engages in conversations with Anaheim customers and addresses their concerns. Customers are encouraged to sign up for no-cost home surveys to identify ways to lower their bills.

D. Lee shared that APU recently posted a social media promotion for a weather-based irrigation controller and the winner was highlighted.

Lastly, D. Lee discussed two opportunities for the Board to participate in; one is the Sustainable School Award Program and the other is Sustainable Small Business Award Program. D. Lee mentioned that three Board Members will be needed to be on the ad hoc Sustainable School Award Selection Committee and that the appointments will be agendized at an upcoming PUB meeting.

15. ITEM(S) BY BOARD MEMBERS.

M. Lee commented that he appreciates how each staff member really commands their topics.

N. Campos Kurtz thanked staff for the information provided during the meeting.

A. Abdulrahman also thanked staff on the information that was provided and added to keep doing a good job.

Vice-Chairperson V. Baroldi asked that APU continue keeping the rates low.

Chairperson J. Seymour thanked Mayor Pro Tem Faessel for attending the meeting; he appreciates the interest and participation.

S. Faessel, Mayor Pro Tem shared that he enjoys attending the PUB meetings and added that it's important the Board Members ensure that the residents feel confident that they will have safe and sufficient water and adequate power at competitive rates.

16. ADJOURNMENT: (REGULAR MEETING ON OCTOBER 27, 2021 AT 5:00 P.M.)

A. Abdulrahman moved to adjourn the Public Hearing / Regular Meeting at 6:51 p.m., to the Board's Regular Meeting date of October 27, 2021 at 5:00 p.m. N. Campos Kurtz seconded the motion.

**MOTION CARRIED: 5-0.
ABSTAINED: 0.
ABSENT: 1 (R. Bhalla & R. Gaona).**

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.

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