



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD/CITY COUNCIL
MONDAY, JANUARY 23, 2017 – 6:30 P.M.

Chairman: Angel A. Carrillo
Vice-Chairman: Uriel Edward Macias
Board Member: Joseph Romero Rocha
Board Member: Edward J. Alvarez
Board Member: Robert Gonzales
Secretary: Jeffrey Lawrence Cornejo, Jr.

The Utility Board/City Council of the City of Azusa met in regular session, at the above date and time, in the Azusa Light and Water (ALW) Conference Room, located at 729 North Azusa Avenue, Azusa, California.

Vice Chairman Macias called the meeting to order at 6:30 P.M.

Pledge to the flag was led by Acting Captain Paul Dennis.

ROLL CALL: Roll call was taken by Secretary Cornejo.

PRESENT: BOARD MEMBERS: MACIAS, GONZALES, ALVAREZ

ABSENT: BOARD MEMBERS: CARRILLO, ROCHA

ALSO PRESENT

Elected Officials: Secretary Cornejo

City Attorney: Jeff Ferre

Staff Members: City Manager Butzlaff, Utilities Director Morrow, Assistant Director of Customer Care Solutions Kalscheuer, Assistant Director of Electric Operations Langit, Utilities Communications and Environmental Programs Specialist Sagun, Utility Programs Specialist Reid, Assistant Director of Resource Management Lehr, Acting Captain Dennis, Water System Engineer Barbosa, Chief Deputy Clerk Adrian Garcia, Management Analyst Lacasella

PUBLIC PARTICIPATION

None.

UTILITIES DIRECTOR COMMENTS

Utilities Director Morrow indicated he would provide comments during the agenda item regarding water.

UTILITY BOARD MEMBER COMMENTS

Vice Chair Macias was grateful for rain.

CONSENT CALENDAR

Moved by Board Member Gonzales, seconded by Board Member Alvarez, to approve Consent Calendar Items 1-5 by the following vote of the Board:

AYES: BOARD MEMBERS: MACIAS, GONZALES, ALVAREZ
NOES: BOARD MEMBERS: NONE
ABSTAIN: BOARD MEMBERS: NONE

1. The minutes of the regular meeting of November 28, 2016 were approved as written.
2. Wavier of the competitive purchase requirements pursuant to Section 2-521(a), Article VII, Chapter 2 of the Azusa Municipal Code and issuance of a Purchase Order to Downtown Ford Sales of Sacramento, California, in an amount not to exceed \$24,640.54 including sales tax and delivery charges for one (1) 2017 Ford Escape vehicle were approved.
3. Professional Service Agreement (PSA) with George E. Booth Company, Inc. to perform SCADA Water Infrastructure and Radio Communication upgrades in the amount of \$199,500 and authorization of the Mayor to execute the PSA in a form acceptable to the City Attorney were approved.
4. Notice of Completion (NOC) for Project W-280B performed by T. A. Rivard; authorization of the Mayor to execute the NOC document on behalf of the City; and authorization of the City Clerk to submit the Notice of Completion for recordation at the Office of the County Recorder of Los Angeles County as required by Section 3093 of the California Civil Code were approved.
5. Professional Services Agreement (PSA) to Burns & McDonnell to perform an electric cost of service study in an amount not to exceed \$34,600 and authorization of the Mayor to execute the above PSA in a form acceptable to the City Attorney were approved.

SCHEDULED ITEMS

1. Modifications to Electric Schedule RL-Residential Service with Life-Suport Devices.

Utilities Director Morrow reported Electric Rate Schedule RL provides a discount for residential customers who use medical equipment requiring electricity. Staff calculates a discounted block of electricity and prices it at 11.6¢ versus the higher block rate of 14.87¢, about a 22 percent discount. Calculating the number of kilowatt hours to provide at the cheaper rate is extremely complicated, very time consuming, and often subjective. Staff determined that customers are getting an average of about 150 kilowatt hours and suggested offering a flat discount to all medical customers for 150 kilowatt hours. Other electric utilities use a fixed number of kilowatt hours. The second issue that staff is trying to address through the modification of this schedule is customer complaints about the annual certification. It would be reasonable to extend the annual recertification to two years except for customers with lifelong medical conditions, who could recertify every three years. One purpose of the recertification is to ensure nothing has changed, nobody has moved, and no one has passed away. Staff is asking to continue to have the right but not the obligation to do periodic checks to ensure customers have medical equipment and it is working. Staff has amended the rate schedule to incorporate those two items and asks for the Board's approval of the new schedule.

In response to a Board Member's questions, Utilities Director Morrow advised that between 90 and 100 customers receive the discounted rate. Staff addressed the timing of recertification on a two-year schedule. If a medical customer provides a certification in May, then in May two years later the customer would provide a recertification. That is the only reasonable way to do the recertification, and it spaces out the impact for the staff. ALW has extremely good records for its medical customers, and staff could add that piece to the database.

Moved by Board Member Gonzales, seconded by Board Member Alvarez to adopt Resolution No. UB-01-2017 approving the Electric Rate "Schedule RL – Residential Service with Life-Support Devices" by the following vote of the Board:

AYES: BOARD MEMBERS: MACIAS, GONZALES, ALVAREZ
NOES: BOARD MEMBERS: NONE
ABSTAIN: BOARD MEMBERS: NONE

Chief Deputy Clerk Garcia noted the correction of the Resolution number.

STAFF REPORTS/COMMUNICATIONS

Report on Procurement of Energy to Replace San Juan Energy after December 2017.

Utilities Director Morrow noted the retirement of ALW's interest in San Juan is scheduled for the end of 2017. San Juan provides a lot of ALW's energy today, so staff needs to buy replacement energy. The Power Resources Group arranged an RFP for the purchase of power. The low bid was Citigroup Energy for a three-year period, 2018-2020, at a price of approximately \$29 per kilowatt hour. Over the last three years, ALW's price for San Juan energy was about \$73 a megawatt hour. A 60 percent lower price is going to be extremely attractive for customers. Staff will restructure some rates and ensure that money gets back to the ratepayers. He does not see any rate increase as a result of the planned restructuring, rather a rate decrease. Staff and a consultant is reviewing the outdated electric rate structure and will bring recommendations to the Utility Board later this year for implementation in January 2018. Staff is still looking at power purchases for 2021, 2022 and will continue to monitor the market.

Assistant Director of Resource Management Lehr added that staff purchased three years of power because they thought it was prudent based on the price.

Utilities Director Morrow knew of another utility that did a replacement San Juan deal, and its price was in the \$60-\$70 range.

Vice Chair Macias complimented staff on the good work.

Utility Capital Improvement Program Update.

Utilities Director Morrow reported the purpose of the report was to have a midyear update of the capital budget. A nice write up is in the book. If Board Members have any questions at any time, they can contact him. ALW is making good progress on all the work its doing.

Water Supply Update.

Utilities Director Morrow related rainfall of 6.79 inches over the last four days, a little over 5 inches from January 11 to January 13, and a total of 21 inches so far during the rainy season. ALW is still under the purview of the Governor's Executive Orders and the State Water Board implementation rules. The State Water Board staff wants to extend the emergency rules through at least May. Staff is going to be watching that closely. Mandatory water restrictions, meaning no wasting of water, were intended to be permanent. Right now, turf can be watered two days a week. Changing or eliminating the turf restriction will depend on what comes from the State Water Board and the desires of the Utility Board. Staff will give the Utility Board an update at the next meeting and perhaps a few options with respect to the drought rules if rainfall continues. Most of Southern California is still in extreme drought. ALW's basin is just barely above all-time low at 181 feet. The all-time low is 172 feet elevation. The water behind the dams is getting a little bit better. Staff will be watching those two things. In looking at all the indicators, water levels are not where they should be for the end of the season, but there's still some more precipitation to come. The snowpack is looking great. Water levels are close to or above average in almost all reservoirs in the state. MWD's reservoir storage is recovering but has a little ways to go. The drought is probably over for Northern California, but levels can continue to improve.

In response to Board Members' questions, Utilities Director Morrow explained that the map is not taken from a satellite but a computation looking county-by-county at the five water-related factors. The Central Valley underground basins are pretty low and will probably stay under drought rules for a bit longer. The information is current for Ventura County.

Update on 2016 Renewable Portfolio Standard Performance.

Utilities Director Morrow reported that in 2016 ALW met a 25 percent Renewable Portfolio Standard using a combination of production, historic carryover, and purchase of renewable energy certificates. The official report will come back to the Board. ALW's target is 33 percent in 2020 and is looking good to reach 33 percent. The target is increasing to 40 percent in the '24-'26 period and 45-50 percent beyond that. When San Juan is retired and ALW uses the temporary replacement power, ALW can easily transition into a more renewable product if needed. Previously, most renewables ALW had to add were in addition to San Juan. ALW was already in a surplus power position and adding extra renewables put it at a market disadvantage from a cost standpoint. Now, ALW is in good shape. A lot of folks in the Legislature want to be make renewable energy obligations even more stringent.

Assistant Director of Resource Management Lehr noted these are interim targets. There is still debate about how early legislators want electric utilities to start ramping up.

Bureau of Reclamation Grant Application for Advanced Metering Infrastructure Project.

Utilities Director Morrow advised that applying for the grant was actually good because staff parsed the AMI project in more detail and got a better understanding of schedules and timetables and equipment. ALW has a lot of support for the grant application and included nice letters from Covina, Glendora, West Covina, Irwindale, the School District, the Chamber, and Grace Napolitano in the package. The timetable is approximately April for an announcement regarding the grant. The \$1 million grant would be a nice springboard to the AMI project. Staff will find out what happens with the grant and then figure out the project. ALW has a good project that will score pretty well, but the grant process is going to be competitive.

CLOSED SESSION

None

ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

TIME OF ADJOURNMENT: 6:57 P.M.



CITY CLERK/SECRETARY