



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD/CITY COUNCIL
MONDAY, FEBRUARY 26, 2018 – 6:30 P.M.

Chairman: Uriel E. Macias
Vice Chairman: Robert Gonzales
Board Member: Joseph R. Rocha
Board Member: Edward J. Alvarez
Board Member: Angel A. Carrillo
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 Chair Gonzales called the meeting to order at 6:30 P.M.

Pledge to the flag was led by Board Member Carrillo.

ROLL CALL: Roll call was taken by Secretary Cornejo.

PRESENT: BOARD MEMBERS: GONZALES, ROCHA, CARRILLO
ABSENT: BOARD MEMBERS: MACIAS, ALVAREZ (arrived at 6:57 p.m.)

ALSO PRESENT

Elected Officials: Secretary Cornejo

City Attorney: Jeff Ferre

Staff Members: Interim Utilities Director Lehr, Assistant Director Customer Care Solutions Kalscheuer, Assistant Director of Electric Operations Langit, Assistant Director of Water Operations Macias, Utilities Communications and Environment Programs Specialist Sagun, Utility Programs Specialist Reid, Senior Management Analyst Lacasella, Utilities Administrative and Financial Services Manager Tran, and Chief Deputy City Clerk Garcia.

A. PUBLIC PARTICIPATION

None

B. UTILITIES DIRECTOR COMMENTS

None

C. UTILITY BOARD MEMBER COMMENTS

In response to Board Member Carrillo's question about residents leasing solar panels and participating in Utilities programs, Interim Utilities Director Lehr advised that generally Utilities staff does not recommend residents lease solar panels because of the issue of whether the lease is conveyed with the property when ownership of the property changes. He will review the issue and provide additional information to the Board in March and contact the resident as soon as possible.

D. CONSENT CALENDAR

Moved by Board Member Carrillo, seconded by Board Member Rocha, to approve the Consent Calendar by the following vote of the Board:

AYES: BOARD MEMBERS: GONZALES, ROCHA, CARRILLO
NOES: BOARD MEMBERS: NONE
ABSENT: BOARD MEMBERS: MACIAS, ALVAREZ
ABSTAIN: BOARD MEMBERS: NONE

1. The minutes of the regular meeting of January 22, 2018 were approved as written.

E. SCHEDULED ITEMS

None

F. STAFF REPORTS/COMMUNICATIONS

1. Fiscal Year 2017-2018 Second Quarter Budget Reports for Electric and Water Funds

Utilities Administrative and Financial Services Manager Tran reported the Water Fund is tracking with the budget. Retail sales show an increase of 6.7% in comparison to the prior year. The debt coverage ratio is 1.32 with the minimum requirement of 1.25. Staff will continue to monitor for compliance. The Water Fund has negative cash flow of \$1.6 million due to construction encumbrances of \$1.4 million, which is also reflected in a 5.8% decrease of cash reserves to \$26.2 million. The Electric Fund has positive cash flow of \$1.8 million. Revenues are tracking at 54% of budget and operating expenses at 52% of budget. Electric sales show an increase of 1.3% in comparison to the prior year. The debt coverage ratio of 10.19 exceeds the 1.25 minimum.

2. Planned Procurement of Required System, Local, and Flexible Resource Adequacy Capacity for Calendar Year 2019

Interim Utilities Director Lehr reported that ALW will need to procure about 50 MW of capacity to meet ISO requirements for calendar year 2019. ALW sources some capacity from resources it owns or contracts with; however, these resources will cover only a portion of the required capacity. The remaining capacity has to be purchased from the market. Staff expects to purchase 25 MW of system capacity, 25 MW of combined system and local capacity, and 20 MW of flexible capacity.

3. Notification of Potential Procurement of SP15 Energy Hedge for 3rd Quarter 2018

Interim Utilities Director Lehr advised that ALW is adequately resourced for both capacity and energy. For the summer months of June through September, staff typically procures energy hedge to mitigate unexpected price changes resulting from unexpected generation and/or transmission outages. Staff expects to procure no more than 15 MW for the summer months and will provide a report to the Board of its purchase.

4. Water Supply Update

Interim Utilities Director Lehr reported mandatory statewide water restrictions may be reinstated by April if the lack of precipitation continues. Rainfall is currently 2.88 inches, only 19% of the normal seasonal rainfall. The state snow pack is extremely low at 20% of normal. The Main San Gabriel (water) Basin is approximately 11 feet above the all-time low, and remains very low for operations. The three reservoirs on the San Gabriel River are at 24% capacity, which is working volume rather than water intended for release. Water conservation measures are in effect for Azusa.

In reply to a Board Member's query, Assistant Director of Water Operations Macias explained that the reservoir working volume is the minimum amount of water retained in the reservoirs to prevent debris from clogging valves and intakes.

G. VERBAL COMMUNICATIONS

1. General Policy and Regulatory Updates

Interim Utilities Director Lehr advised that SB 901 will require every electric utility to have detailed plans of preparation for and spotting of wildfires and operation of power lines. Such plans may include proactive power line de-energization and load shedding before the power lines are affected by fire. AB 813 pertains to the ISO attempting to expand into other western states. There is some concern that rates for new RTO transmission lines will be billed to all loads within the RTO, regardless of their usage, which could be costly to load serving entities such as ALW. Expansion of the RTO could also affect utilities embedded and interconnected within the ISO in other ways. CATO's white paper recommends privatization of four federal power marketing agencies and TVA. The transmission network and assets owned by Western Area Power Administration (WAPA) would be privatized under this recommendation. Hoover Power Plant operated by WAPA would not be privatized under the whitepaper proposed scenario (ALW contracted for share of capacity and energy from Hoover). SB 1110 pertains to protection of potentially "stranded" conventional power plants should SB100 pass. ALW owns approximately 2.79% of Lodi, which could benefit from passage of SB 1110.

In reply to Board Members' questions, Interim Utilities Director Lehr indicated SCPPA's comments regarding AB 813 will likely be coordinated with the comments of NCPA and CMUA. The City Council may wish to monitor AB 813 and provide a letter of support for SB 1110.

Board Member Alvarez joined the meeting at 6:57 p.m.

Interim City Manager Penman reported that Human Resources (HR) issued a Request for Proposals to recruit a new Utilities Director and received one response in the amount of \$49,000. HR will handle the recruitment and utilize external agencies to identify candidates.

H. CLOSED SESSION

None

I. ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

TIME OF ADJOURNMENT: 7:00 P.M.



CITY CLERK/SECRETARY