



**CITY OF AZUSA**  
**MINUTES OF THE REGULAR MEETING**  
**OF THE AZUSA UTILITY BOARD/CITY COUNCIL**  
**MONDAY, APRIL 23, 2018 – 6:30 P.M.**

Chairman: Robert Gonzales  
Vice Chairman: Edward J. Alvarez  
Board Member: Joseph R. Rocha  
Board Member: Angel A. Carrillo  
Board Member: Uriel E. Macias  
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.

Chair Gonzales called the meeting to order at 6:30 P.M.

Pledge to the flag was led by Vice Chair Alvarez.

**ROLL CALL:** Roll call was taken by Secretary Cornejo.

**PRESENT: BOARD MEMBERS:** GONZALES, ALVAREZ, CARRILLO (arrived at 6:35 p.m.), MACIAS

**ABSENT: BOARD MEMBERS:** ROCHA

**ALSO PRESENT**

**Elected Officials:** Secretary Cornejo

**City Attorney:** Jeff Ferre

**Staff Members:** Interim Utilities Director Lehr, City Manager Gonzalez, Public Works Director Bobadilla, Assistant Director of Water Operations Macias, Utilities Communications and Environment Programs Specialist Sagun, Storekeeper Alvarez, Police Captain Bertelsen, Chief Deputy City Clerk Garcia.

**A. PUBLIC PARTICIPATION**

None

**B. UTILITIES DIRECTOR COMMENTS**

Interim Utilities Director Lehr reported 9,000 pounds of paper were shredded and ten pallets of electronic office equipment was collected at the shred-a-thon held on April 21.

**C. UTILITY BOARD MEMBER COMMENTS**

Chair Gonzales thanked staff for a great shred-a-thon. Members of the community had requested more shred-a-thon events.

**D. CONSENT CALENDAR**

Moved by Vice Chair Alvarez, seconded by Board Member Macias, to approve the Consent Calendar by the following vote of the Board:

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

1. The minutes of the regular meeting of March 26, 2018 were approved as written.
2. The water rights lease agreements with the City of Monrovia and Valley County Water District were approved; and the Director of Utilities was authorized to execute same pursuant to Utility Board Resolution 09-C69.
3. Well 5 project improvements outlined in Task Order Numbers 1 and 2 were accepted; the Notice of Completion was approved; the Mayor was authorized to execute the document on behalf of the City; and the City Clerk was authorized to submit the Notice of Completion for recordation to the Office of the County Recorder of Los Angeles County within ten (10) days of the Utility Board approval as required by Section 3093 of the California Civil Code.
4. Task Order 6, Well 6 rehabilitation, was awarded to General Pump Company under the existing Master Maintenance Service Agreement for a not-to-exceed amount of \$227,328.87.

**E. SCHEDULED ITEMS**

1. Adjustment of the Electric Rate Schedules.

Interim Utilities Director Lehr reported adjustments are not intended to raise revenue but to realign the mechanism for setting rates. Changes in the power supply portfolio precipitated a review of rates. He reviewed findings and recommendations from the Burns McDonnell study, which were presented to the Utility Board in March. Staff presented rate schedules for the Board's authorization. New rates would become effective July 1. The Power Cost Adjustment (PCA) base rate decreased by 12.5%. Overall, energy charges would decrease and customer charges would increase. Staff received no public comments regarding the proposed rates.

Board Member Carrillo arrived at 6:35 p.m.

Moved by Board Member Carrillo, seconded by Vice Chair Alvarez, to adopt Resolution UB-01-2018 amending Azusa Light & Water's Electric Rate Schedules by the following vote of the Board:

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

2. Miller/Coors Water Rate Adjustment, Effective May 1, 2018.

Interim Utilities Director Lehr reported the waster supply agreement with Miller was implemented in 2002 and restated in 2009 when Miller and Coors merged. Terms of the agreement provided for three five-year extensions and rate recalculation every two years beginning after May 2010. Recalculation of the rate will result in an increase of \$137,500 annually.

In response to Board Member questions, Interim Utilities Director Lehr advised that Miller/Coors is aware of the proposed rate change. The formula for calculating rates is a provision of the contract with Miller/Coors. In the fall of each year, staff provides Miller/Coors an estimate of water supply for the following year.

Moved by Board Member Carrillo, seconded by Board Member Macias, to adopt Resolution UB-02-2018 adjusting water rates for MillerCoors, LLC effective May 1, 2018, by the following vote of the Board:

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

**F. STAFF REPORTS/COMMUNICATIONS**

None

**G. VERBAL COMMUNICATIONS**

1. Water Supply Update

Interim Utilities Director Lehr reported no rainfall since the March report. The state snow pack is low at 52% of average, a decrease from the March report. The water level in the San Gabriel Basin decreased approximately 6 inches, but water levels in the reservoirs increased. Approximately 13,000 acre feet of water is available for release. The state water allocation of 5,760 acre feet has not changed. Until February, ALW received water from its 2017 allocation. A note regarding continuation of the winter watering schedule remains on the website.

In response to Board Member request in the March meeting, Interim Utilities Director Lehr provided information regarding energy hedges. Hedging energy prices is a common practice among entities embedded in the California Independent System Operator (ISO) control area, especially during the summer months when prices are most volatile. ISO markets are purely economics driven and based on marginal pricing. Entities that own power generation assets can hedge prices with gas or energy. In 2017, staff did not procure any hedges because ALW was fully resourced. In 2016, staff procured a hedge and calculated the net value to ALW was \$131,000. In 2015, the hedge cost ALW \$176,000. Price hedges are not intended to generate revenue.

In reply to questions, Interim Utilities Director Lehr indicated Resource Planning staff prepares a recommendation for approval of the Utilities Director and purchases hedges. The Risk Management Policy allows staff to make these decisions.

2. General Policy and Regulatory Updates

Interim Utilities Director Lehr reported AB 2208 proposes mandating procurement of geothermal generation from Imperial Valley under Renewable Portfolio Standards (RPS). Geothermal generation is not clean but is considered a renewable resource. Geothermal energy is very expensive, currently approximately twice the price of solar energy. Geothermal generation is a base-loaded resource, which is convenient for resource planning. Most utilities oppose the bill, but ALW has not taken a position. SB 1000 concerns creation of charging speed standards, recommendations for distribution and location of chargers, and sub-metering standards for charger installations. Fifteen U.S. Senators oppose privatization of the Tennessee Valley Authority (TVA). Private property owners are filing lawsuits to hold utilities responsible for losses caused by their equipment or power lines during fires and mudslides. The potential liability for SCE is \$4 billion and \$15 billion for PG&E.

**H. CLOSED SESSION**

None

**I. ADJOURNMENT**

The meeting was adjourned by consensus of the Utility Board.

**TIME OF ADJOURNMENT: 7:07 P.M.**



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**CITY CLERK/SECRETARY**