

**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS OF
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

A regular meeting of the Board of Directors was held on February 18, 2016 at the offices of the Authority, 1160 Nicole Court, Glendora, California.

This meeting was called to order at 10:03 A.M. by Mr. Mason.

The following board members (B) and alternates (A) were present: Fred Mason (B), Girish Balachandran (B), Dukku Lee (B), Vince Brar (A), Dave Kolk (B), Stephen Zurn (B), Yarek Lehr (A), Jorge Somoano (A), Mike Webster (A), David Wright (A), Shari Thomas (A), Pete Garris (IID)

Staff members were: Bill Carnahan, Richard Morillo, Steve Homer, Ted Beatty, Tanya DeRivi, Salpi Ortiz, Daniel Hashimi, Katie Ellis, Bryan Cope, Kelly Nguyen, Arpi Lepedzhyan, Erin Lewis, Kevin Crawford, Therese Savery

Attorneys, Member Employees and consultants present were: Stephen Cole (Consultant), Lisa Umeda (Vernon), Himanshu Pandey (Burbank), Joanne Serano (CA ISO), Jody Cross (CA ISO),

Members of the public Eugene Cross (Cross Concepts) present were:

1. Notice/Agenda and Opportunity for the Public to Address the Board

Mr. Mason notified the board that resolution 2016-009 will be moved off of the consent calendar and into discussion under the Director of Resource and Program Development report.

2. Consent Calendar

(a) SPCPA Board Minutes for 01-21-2016

(b) Monthly Investment Report for 12-15

(c) Quarterly Investment Report 12-15

(d) Resolution 2016-005 (Trinity Consultants)

GHG Verification Reporting

(e) Resolution 2016-006 (CLEAResult)

Energy Efficiency Services for LADWP

(f) Resolution 2016-007 (Electric Gas Industries Association)

Rebate Processing

(g) Resolution 2016-008 (Lime Energy)

Goods and Services Agreement

Moved By: Dukku Lee

Seconded By: Girish Balachandran

Unanimously Approved

STAFF REPORTS

3. Executive Director's Report

Mr. Carnahan discussed upcoming items in the agenda, highlighting items that were brought up in the January meeting and were asked to bring back further information on.

Ms. Ortiz provided an update on the APPA Legislative Rally activities.

4. Chief Financial Officer's Report

Mr. Crawford discussed the Fitch Rating re-affirmation of AA- on the Apex Bonds. Mr. Lee (Anaheim) asked if other agencies also reaffirmed this rating, Mr. Crawford replied that we only have received Fitch's rating at this point. Mr. Wright (LADWP) inquired on the Debt Leverage Ratio percentage rate and if it is considered a good ratio as Fitch cited it to be. Mr. Crawford replied that it is a good ratio per Fitch's standards.

Mr. Crawford reviewed the Gas Prepay deal that SCPPA holds and its economics for the members who participate.

Mr. Crawford provided an update of the shared services agreement between SCPPA and NCPA to jointly benefit from services, such as: working groups, training and RFP processes.

Mr. Crawford also provided an update on the financial market, reviewing the Dow Jones and S&P, muni bonds and the possible change of Fed rates.

5. Director of Resource and Program Development

Mr. Beatty discussed Palo Alto solar development. Mr. Mason (Banning) asked about the tax credit for solar. Mr. Beatty responded that construction must begin before December 2019 to earn the tax credit, and then they phase out after the beginning of 2020.

Mr. Beatty discussed the Ormesa Geothermal Complex which is expected to begin taking delivery for LADWP and IID in the end of 2017.

Mr. Beatty presented the community solar RFP for services within or near utility service areas. Mr. Carnahan added to that SCPPA would be the aggregator and consultant for any projects, not necessarily developing contracts or PPAs for the projects. This RFP is open until April 14, 2016. Mr. Cross (Cross Concepts) asked for a definition on what SCPPA's term of Community Solar indicates. Mr. Beatty replied in that this solar would be behind the meter load that is the responsibility of the utility. Mr. Wright (LADWP) discussed the billing aspect of running community solar. Mr. Kolk (Colton) provided a different approach in that community solar is typically purchased by customers within the utility district. Mr. Mason (Banning) discerned that there will be issues with this model, as customers will still expect the utility to perform functions. Mr. Wright (LADWP) requested the working group discuss the idea of community solar to be utilized for low-income. Mr. Balachandran (Riverside) added that he believes this is the future of the industry and this will be more prevalent in the coming years. Mr. Morillo (SCPPA) sought consensus from the board to seek outside counsel on the matter. Mr. Lee (Anaheim) requested that SCPPA review the existing programs before seeking outside counsel. The board came to agreement that the Community Solar Working Group will look into program options and report back to the board before seeking outside counsel. Mr. Lee (Anaheim) suggested that SCPPA member utilities should work to have consistency between themselves in regards to this program. Ms. Nguyen (SCPPA) added that the ad hoc Community Solar Working Group is already in process of identifying inconsistencies.

Mr. Beatty brought a discussion of low carbon fuel standards and related pricing credits to the board.

Mr. Beatty discussed a review of public benefit programming among the members in 2015. Specifically, he noted that the state requirement is 2.85% and SCPPA's cumulative profile for both fiscal year 2015 and the past 18 years both exceed the requirement.

Mr. Beatty provided information regarding the upcoming RKS Residential Survey and potential discounts if members participate in the survey.

Mr. Beatty discussed the California Technical Forum and the pending funding agreement that was proposed to share the cost for the program with the IOUs. This agreement is for 10 members, excluding LADWP and Cerritos. Mr. Mason (Banning) asked if new metrics have been implemented brought up by Title 24. Mr. Cope (SCPPA) replied that this is not related to Title 24 and that this is for kWh savings.

Resolution 2016-009 (California Technical Forum)
Funding Agreement

Moved By: Girish Balachandran
Seconded By: Fred Mason
Unanimously Approved

Resolution 2016-004 (Ormesa Geothermal Complex)
Authorization for the negotiation and execution of all agreements pertaining to the project

Moved By: Mike Webster
Seconded By: Pete Garris
Unanimously Approved

6. Project Administration Director's Report

Mr. Homer discussed the San Juan restructuring agreements becoming effective. Amended Mine Reclamation Trust fund Agreement will be brought to the board in the next couple months.

Mr. Homer reported on Palo Verde's success in 2015 in continually improving their safety standards and winning an award for 2015 Nuclear Power Plant of the Year from Power Magazine. Mr. Lehr (Azusa) asked what Mr. Home thought what drove Palo Verde's drive for safety and improvements. Mr. Homer responded that the plant brought on new employees with a focus on providing energy safely.

Ms. Ellis provided a report on the Hoover audit findings that have been received so far and what members can expect in the next couple years until the current contract terminates. The audit committee is still waiting for the report on procedures to transition into the new contract.

7. Government Affairs Reports

Ms. DeRivi discussed the CEC data reporting with a working group meeting in Sacramento on February 23, 2016.

Ms. DeRivi also discussed the SB 350 implementation with the CA ISO providing a workshop and hiring consultants in discussing RPS portfolio options, ratepayer impacts, economic and environmental impacts. A draft study is expected in mid-April with a June 6 final workshop scheduled.

A draft proposed rule was released for the ARB RPS Enforcement. Comments are due on March 4, 2016 with board consideration anticipated in May. Ms. DeRivi reviewed the POU concerns with the proposed rule.

Ms. DeRivi reported on the status of the EPA Clean Power Plan with the Supreme Courts issuance of "stay," therefore implementation is halted for now. Ms. DeRivi provided projected dates for the next year with the plan and how it is affected by the death of Justice Scalia on February 13, 2016 and the election of a new president in November.

Ms. DeRivi provided an update SB 380 which is set for hearing on February 22,

2016. Mr. Carnahan (SCPPA) asked if analysts are looking into how SCPPA would be impacted if Aliso Canyon is shut down. Ms. Serano (CA ISO) confirmed that studies are being conducted and they are expected to be released at the end of March. Mr. Webster (LADWP) mentioned that the issue is not just a Los Angeles basin issue. Mr. Somano (Burbank) asked if the studies mentioned by Ms. Serano are looking into the whole of Southern California, not just the Los Angeles basin. Ms. Serano confirmed that the studies are inclusive of all Southern California. Mr. Balachandran (Riverside) requested the board be apprised of any updates in regards to Aliso Canyon.

8. Closed Session

The Board convened in closed session.

After re-convening in open session, the meeting was adjourned at 12:37PM.

Respectfully Submitted,



Mario Ignacio

Assistant Secretary

c: Board of Directors