

BOARD OF PUBLIC UTILITIES

July 2, 2024

The adjourned regular meeting of the Board of Public Utilities held on the 2nd day of July, 2024, was called to order at 4:06 p.m. with CHAIRMAN CAMPBELL presiding and the following COMMISSIONERS present:

COMMISSIONERS LeJEUNE, BROWN AND MOFFITT

Also Present: SECRETARY SALLIS, UTILITY MANAGER TORRANCE AND OTHER KEY STAFF

EX ABSNC COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER BROWN, to grant an excused absence to COMMISSIONERS SCHNEIDER AND McNEIL. Motion carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE,
BROWN AND MOFFITT
NOES: NONE
ABSENT: COMMISSIONERS SCHNEIDER AND McNEIL

APPROVAL AGENDA COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER LeJEUNE, to approve the agenda. Motion carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE,
BROWN AND MOFFITT
NOES: NONE
ABSENT: COMMISSIONERS SCHNEIDER AND McNEIL

EX SESSION There were no public comments pertaining to the executive session item.

CHAIRMAN CAMPBELL declared the meeting adjourned at 4:08 p.m. for the purpose of an executive session pursuant to Government Code Section 54956.9(d)(4) - Conference with legal counsel regarding potential initiation of litigation - One potential case

CHAIRMAN CAMPBELL declared the meeting reconvened at 4:22 p.m. with all persons heretofore mentioned present.

Utility Manager Torrance reported no action was taken during the executive session.

CORSPNDN: None

PBLC APRN: None

CNST CAL: CHAIRMAN CAMPBELL noted that agenda item 2 (minutes of regular meeting held May 21, 2024) needs to be pulled from the agenda as there is not a majority vote for approval.

COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER BROWN, to pull agenda item 2 (minutes of regular meeting held May 21, 2024) and approve consent calendar items 1 and 3 through 6.

1. Minutes of regular meeting held April 2, 2024
3. Approve the Annual Depository Statement for fiscal year 2024-2025 for bond debt service, contract services, purchase payments, and reimbursement of non-utility sanitation revenues deposited with the Authority according to the approved budget
4. Accept the annual report to the California Energy Commission Power Disclosure Annual Report for the year ending December 31, 2023
5. Power Purchase Cost Adjustment (PCA) for months of January through May 2024 and continue the over-hydro rate of \$0.1538 with an additional \$.01 power cost adjustment as effective December 1, 2023
6. Approve the 2021–2022 Greenhouse Gas Emissions Allowance and Offset Transaction from CP National and Evo Markets dated June 13, 2024

Motion to approve item 1 carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE AND BROWN
NOES: NONE
ABSENT: COMMISSIONERS SCHNEIDER AND McNEIL
ABSTAIN: COMMISSIONER MOFFITT

Motion to approve items 3 through 6 carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE, BROWN AND MOFFITT
NOES: NONE
ABSENT: COMMISSIONERS SCHNEIDER AND McNEIL

REG ITEMS: Utility Manager Torrance briefly explained the purchase of a new vac truck for the water department and the need for such. This will replace a 2009 vehicle that has exceeded its useful life.

PURCH 500
GAL VAC
TANK

COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER LeJEUNE, to authorize the purchase of a 500 Gallon Vacuum Tank Model #PV500-GHO-W-T from Pres Tech Equipment Company at a cost not to exceed \$91,666 using water vehicle replacement funds. Motion carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE, BROWN AND MOFFITT
NOES: NONE
ABSENT: COMMISSIONERS SCHNEIDER AND McNEIL

TIERED
ELECTRIC
RATES

COMMISSIONER LeJEUNE spoke on the history of tiered electric rates going back to the time of CP National and the change to a flat electric rate pre-cannabis. He explained that the cannabis businesses are also using hydropower and he felt the residents are subsidizing the cannabis industry with their hydro allocation at the lower rate which then reduces the allocation to the residents. He felt the hydro allocation and rate should be given to the residents, not cannabis.

CHAIRMAN CAMPBELL explained that he was part of the Board that created the policy on a two tiered system (hydro and over-hydro). They looked at a five tier rate imposed on industrial utilities but agreed that hydropower will be spread amongst every meter. A rate study needs to be done this year and it should include the disparity between commercial grow operations and dispensaries with and without hydropower. What gain would customers receive? Rates should be based on the rate study.

COMMISSIONER BROWN noted that hydropower is about 35-40% of all usage and COMMISSIONER LeJEUNE's concern is the consumption of that 40% hydro being divided amongst all meters. As cannabis grow houses and other things continue to be added, those continue to take from that 40% hydro so the percentage gets a little smaller. The grow houses and cannabis industry are making residents pay a little more on their electric bills in the overhydro rate. That's the concern of COMMISSIONERS BROWN and LeJEUNE.

COMMISSIONER BROWN questioned if there was a set percentage of hydro for just the cannabis industry so, as new ones come on, it's just that industry that gets less hydro and not an overall effect on the citizenry. Utility Manager Torrance responded no, it's equally shared by all.

COMMISSIONER MOFFITT spoke on the huge amounts of electricity used by the cannabis industry and the operation and maintenance costs being included in the per kilowatt charge so the O&M costs are shifting to all customers. Cannabis can recover their costs where the residents can't do that.

CHAIRMAN CAMPBELL reiterated that this needs to be discussed after the study is done and there are hard numbers. He spoke on the cannabis square footage tax that the City Council will have on the November ballot, the industry stabilizing locally, and the decrease in the price of marijuana and its effect on the industry. There is California legislation when dealing with rates and several of the Board Members requested that legislation.

Pat Murch addressed the Board explaining that the concern is not so much with using hydro and brown power but demand meters on the cannabis businesses. The concern is when the air conditioners kick on and huge amounts of power go through the meter that everyone is paying for that usage. Don't worry so much about hydro or brown power but demand. There has to be more than hydro and brown rates and it needs to be included in the rate study as residents should not be paying for the cannabis businesses. CHAIRMAN CAMPBELL noted that this will all be looked at during the rate study and Utility Manager Torrance explained that demand data is available from the new electronic meters.

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REPORTS: CHAIRMAN CAMPBELL acknowledged the following reports: 1) Present Perfected rights (PPR) report for May 2024; and 2) EUSI, LLC operational support services relating to the wastewater treatment facility and collection system May 2024

MGR'S RPT: Utility Manager Torrance reported on recent vegetation fires; avoidance of a catastrophe during a brush fire and now working to get the area cleared; and one power pole was lost during that fire.

BRD RQSTS: COMMISSIONER LeJEUNE explained some time back, he brought up the Park Moabi expansion and now there are poles hanging in the air but the butts are rotted away. This is not a good line and Park Moabi indicates it will be adding load to the city's system but they will have to kick in funding. If they move ahead, there will be a significant load increase and he does not want to get caught unprepared. Would like a report after the November election.

COMMISSIONER BROWN asked the timeline of the alternative energy engineering study to which Utility Manager Torrance responded 30 days. All field work has been done.

CHAIRMAN CAMPBELL declared the adjourned regular meeting of the Board of Public Utilities held on the 2nd day of July, 2024, adjourned at 4:51 p.m.

ATTEST: _____
Chairman

Secretary