

**Western Community Energy
Joint Meeting of the Board of Directors and
Technical Advisory Committee
May 13, 2020
Summary Minutes**

Item 4.A

1. CALL TO ORDER / ROLL CALL

The Joint Meeting of the Board of Directors and Technical Advisory Committee was called to order at 1:00 p.m. by Chair Ben Benoit at the WRCOG's office, Citrus Conference Room.

Board of Directors present:

Todd Rigby, City of Eastvale
Russ Brown, City of Hemet
Chris Barajas, City of Jurupa Valley
Ted Hoffman, City of Norco
Rita Rogers, City of Perris
Ben Benoit, City of Wildomar (Chair)

Technical Advisory Committee Members present:

Bryan Jones, City of Eastvale (1:01 p.m. arrival)
Rod Butler, City of Jurupa Valley
Andy Okoro, City of Norco

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Rick Bishop, WRCOG Executive Director
Barbara Spoonhour, WRCOG Deputy Executive Director - Operations
Andrew Ruiz, WRCOG Chief Financial Officer
Janis Leonard, WRCOG Administrative Services Manager
Tyler Masters, WRCOG Program Manager
Don Ries, WRCOG Program Manager
Suzy Nelson, WRCOG Administrative Assistant

Guests present:

Avie Barron, Member of the public
Joshua Brock, Calpine
Craig Martin, Pilot Power
Kenneth Phung, City of Perris

3. PUBLIC COMMENTS

There were no public comments.

4. CONSENT CALENDAR - (Eastvale / Norco) 6 yes; 0 no; 0 abstention. Items 4.A through 4.E were approved. The City of Canyon Lake was not present.

A. Summary Minutes from the April 8, 2020, Joint Meeting of the Board of Directors and Technical Advisory Committee are Available for Consideration.

Action: 1. Approved the Summary Minutes from the April 8, 2020, Joint Meeting of the Board of Directors and Technical Advisory Committee.

B. Financial Summary Update

Action: 1. Received and filed.

C. Program Schedule Update

Action: 1. Received and filed.

D. Regulatory and Legislative Activities Update

Actions: 1. Adopted a "Support" position to Assembly Bill 2689 (Kalra) and directed staff to transmit correspondence to the author.
2. Adopted a "Support" position to Assembly Bill 3014 (Muratsuchi) and directed staff to transmit correspondence to the author.

E. Single Signature Authority Report

Action: 1. Received and filed.

5. REPORTS / DISCUSSION - Note: One vote for all action items will be taken at the end of all the presentations.

A. Program Launch Update

Tyler Masters reported that WCE has launched now in all member jurisdictions, the Cities of Eastvale, Hemet, Jurupa Valley, Norco, Perris, and Wildomar. The required two sets of pre-enrollment notifications for all jurisdictions have been mailed. The first set of post-enrollment notifications were mailed to customers in the Cities of Norco, Perris, and Wildomar on April 13, 2020.

Solar customers (Net Energy Metering - NEM) are the last remaining customer class to be phased-in and this will occur on a quarterly basis to coincide with Southern California Edison's (SCE) 12-month true-up process. Post-launch, new customers will automatically be a customer of WCE; notifications are being delivered to new move-ins on a weekly basis.

The regional opt-out rate is approximately 3.52%. Most decline to state a reason for opting out; the next highest reason for this is because customers have indicated that they just do not like being enrolled automatically.

Staff continue to monitor and respond to questions and comments within online public group pages; with the current social media tool being utilized, staff are unable to respond on public group pages. Since the May 2020 launch, social media activity has decreased substantially.

Staff has posted a Frequently Asked Questions reference page on WCE's website and will also post on WCE's social media platforms.

There was an error of the first set of customer bills - the charge descriptions were blank; however, the amount customers were charged was correct. The error was made by SCE and has since been resolved.

Action: 1. Received and filed.

B. Draft Fiscal Year 2020/2021 Agency Budget

Andrew Ruiz reported that the draft Fiscal Year (FY) 2020/2021 Agency Budget continues to represent a 2% savings on customers' bills overall. There is an anticipated \$12 million available for placement into the reserves. WCE will launch its first program in the new fiscal year - the Smart Thermostat Program. The Doubtful Account Reserve was increased from .5% to 1% in the anticipation of any

COVID-19 impacts.

Operating expenses and revenue may change due to updates of the load forecast following receipt of additional historical usage data from Southern California Edison (SCE), opt-out rates from the May 2020 enrollment becoming clearer, changes to both SCE and WCE rates that are expected to change five times in the upcoming fiscal year, and changes in market prices which impact the cost of energy.

The recent COVID-19 pandemic has placed moratoriums on utility bill disconnections, which could potentially impact cashflows and non-payment, which is why WCE has increased its allowance for doubtful accounts. WCE will continue to regularly monitor the impacts of COVID-19 and adjust the Budget based on observed data and/or changes to underlying assumptions, if necessary, as the situation evolves.

Craig Martin indicated that SCE has yet to provide historic usage data (HUD) data, which is crucial for the upcoming Renewable Portfolio Standard (RPS) so that WCE does not over procure for calendar year 2020. Mr. Martin anticipates hearing from SCE within the next couple of days.

Director Ted Hoffman asked if the payback to WRCOG is included in this fiscal year's Budget.

Mr. Ruiz responded that only current operational costs are included in this fiscal year's Budget. The debt owed to WRCOG will not be factored in until FY 2021/2022.

Director Chris Barajas asked if WCE bought more energy than necessary due to the anticipated higher usage and will WCE be making a small profit.

Mr. Martin responded that the months which have been over procured are June, July, August, and September; however, July prices will rise so it was best to purchase more than necessary when costs were lower.

Director Barajas asked if, given the current pandemic, there is an increase or decrease to either customer and/or residential usage.

Mr. Martin responded that there is a model to run for COVID-19 and it appears that residential usage may rise approximately 15%; commercial could also rise depending on the business being determined essential or not.

Action: 1. Received and filed.

C. Non-Residential Client Engagement and Outreach Update

Don Ries reported that staff still does not have complete 2019 data from Southern California Edison (SCE). As data is received, staff reviews and refines the priority list to determine the top 50 usage customers. Of the top 50 customers, there are nine which are considered to be the top users. Of these top nine, four were lost due to the customers being direct access customers. If WCE is able to provide the necessary daily information to these customers, they have indicated that they are willing to participate in WCE.

There are approximately 11,500 commercial accounts, with an opt-out rate of 2.6%; commercial opt-outs account for approximately 7.5% of the total opt-outs. Analysis templates are now operational and are used to project cost savings, custom usage reviews, and assist to determine applicable tariff.

While outreach programs with member jurisdictions continue, they have been hampered by COVID-19.

Chair Ben Benoit asked staff to reach out to the Directors within those areas of the direct access customers for any assistance.

Action: 1. Received and filed.

D. Joint Rate Comparison Update

Barbara Spoonhour reported that the Joint Rate Comparison (JRC) must be completed and posted to WCE's and Southern California Edison's (SCE) website within 60 days of a rate change. Notices must be mailed to all customers each July. The JRC utilizes SCE's 3-year average load data. The current JRC is comparing WCE's and SCE's April 2020 rates. Staff still has no access to SCE's methodology for flattening its Time-of-Use (TOU) rates.

WCE currently has 25 customers in the Choice Plus Plan. SCE's 100% green rate, as of April 2020, is significantly lower than what the bundled customers are being charged. SCE has indicated that it will have a rate change for its green rate but has not indicated when. WCE's Choice Plus Plan is now approximately 2% higher than SCE's green rate.

Chair Ben Benoit indicated that SCE's green rate is not 100% green.

Ms. Spoonhour indicated that it is a mixture and not 10% renewable.

Craig Martin indicated that he spoke to SCE, which cannot break down its own green rate, as there are very few customers who opt-up to this rate.

The Directors expressed interest in reducing WCE's rate in order to remain competitive with SCE.

Action: 1. Directed staff to return to the next meeting with a resolution to adopt a rate change to the Choice Plus Plan.

E. Updated Generation Rates for Calendar Year 2020

Tyler Masters reported that initial rates were adopted in January 2020, and in February changes were also made and adopted. These changes resulted in generation rates for Choice Plan product to be 4% lower in generation rates and an overall 2% savings on customers' bills.

Staff identified a small rate discrepancy for small to medium commercial users with an electrical demand between 20kW and 200kW. Staff recommends a decrease in the rates to align with the goal of providing electricity at a 4% cost lower than SCE's rates. The rate changes are only on the energy charge side.

Barbara Spoonhour indicated that SCE is scheduled for a rate change in June 2020. It appears that SCE is changing primarily the delivery side. Staff doesn't believe that we will return with any changes to generation rates with the next SCE update.

Director Todd Rigby asked if this change is reflected in the Budget presented today.

Andrew Ruiz responded that it is.

Action: 1. Adopted Resolution No. 2020-09: A Resolution of the Board of Directors of Western Community Energy adopting an updated Rate Schedule and rescinding Resolution No. 2020-08.

F. Amended Collections and Bad Debt Policy

Andrew Ruiz reported that in November 2019, this Board adopted a resolution which established a Delinquent Accounts, Collections, and Bad Debt Policy, which indicates that customers who do not pay their bill within 90 days (or 60 days for residential) would have their account returned to Southern California Edison (SCE).

Due to the recent COVID-19 pandemic, SCE adopted consumer protections per direction of the State which includes a moratorium to protect customers against shut-offs should a customer not be able to pay their utility bill, among other matters.

Staff is working with SCE for clarification on some of these matters.

Staff is requesting that WCE adopt an addendum to the resolution that would delay non-payment to 180 days for both commercial and residential customers, and that the Bad Debt Policy be increased from .5% to actual amounts determined through WCE's aging report. Any changes would take effect immediately and revert back on January 1, 2021, unless a further extension is necessary due to the pandemic.

Director Todd Rigby recommended adding language to the effect of 1% or actual aging numbers, whichever is greater. Additionally, effects of the pandemic may extend beyond January 2021. The Policy should be brought back for review prior to reverting back.

It was determined by the Board that staff would return every 60-days with an update.

Director Chris Barajas asked who is setting up payment plans and are staff aware of any local jurisdictions which may have implemented moratoriums on utility shut-offs.

Mr. Ruiz responded that staff are working with SCE to determine what payment plans and reporting will look like.

Barbara Spoonhour added that during the meet and confer meeting with SCE, staff attempted to discuss the transition coming out of the moratorium; however, SCE is not thinking that far out, it is trying to deal with current matters.

Director Ted Hoffman asked if SCE requires a hardship letter or form from the customer as a result of COVID-19.

Ms. Spoonhour responded that SCE believes the customer needs to call SCE to make it known there is a hardship versus the customer not needing to do anything at all. CARE and FERA Program customers are encouraged to apply for assistance.

Action:

1. Adopted Resolution No. 2020-10: A Resolution of the Board of Directors of Western Community Energy adopting an Amended Policy No. 013: Delinquent Account, Collection, and Bad Debt Policy related to COVID-19, to include language to the effect of 1% or actual aging numbers, whichever is greater.

(Perris / Eastvale) 6 yes; 0 no; 0 abstention. Items 5.D, 5.E, and 5.F were approved. The City of Canyon Lake was not present.

6. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop introduced Avie Barron, the new Senior Analyst for WCE, who begins on June 1, 2020.

7. ITEMS FOR FUTURE AGENDAS

Director Todd Rigby asked for clarification on the meeting agenda regarding meeting location being closed to the public.

8. GENERAL ANNOUNCEMENTS

There were no general announcements.

9. NEXT MEETING : The next Joint Meeting of the Board of Directors and Technical Advisory Committee is scheduled for Wednesday , June 10 , 2020 , at 1:00 p.m. , via Zoom platform .

10. ADJOURNMENT : The Joint Meeting of the Board of Directors and Technical Advisory Committee adjourned at 2:14 p.m.