

CITY OF ANAHEIM
PUBLIC UTILITIES BOARD

MINUTES

SEPTEMBER 28, 2022

The agenda having been posted on Thursday, September 22, 2022, the Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson J. Seymour at 5:00 p.m. on Wednesday, September 28, 2022, in the Gordon Hoyt Conference Center, 2nd floor, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

Board Members Present: Chairperson J. Seymour, Vice-Chairperson V. Baroldi, A. Abdulrahman, M. Lee, A. Pham

Board Members Absent: N. Campos Kurtz, At Large Board Member Vacancy

City Staff Present: D. Lee, B. Beelner, P. Starr, A. Kott, M. Avelino-Walker, C. Parker
J. Lehman, J. Lonneker, M. Seifen, M. Jouhari, T. Castaneda, B. Mendoza,
V. Tran, Y. Saldivar, R. King, C. Dalton, C. Pereyra, E. Kwon, C. Ghaby,
P. Garcia, S. Askey

Guest(s) Present: E. Imbus, Anaheim resident and President of Cava Home Owner’s Association

AGENDA ITEM

ACTION TAKEN

1. PUBLIC COMMENTS.

Edward Imbus, Anaheim resident and President of Cava Home Owner’s Association, expressed concerns about the distribution of rebates received through the Inflation Reduction Act to City of Anaheim (City) residents. He also expressed concern regarding recent strikes by Republic Service’s employees, particularly resulting in delayed trash pickup, and asked the Board to reconsider their denial of reimbursement for lost trash services. Lastly, he asked the Board to review the online bill payment system and the ease of use.

Staff will follow up with Mr. Imbus regarding his comments.

The Board recognized Jose De La Torre, Maintenance Pipefitter, Ernesto Vejar, Maintenance Pipefitter, and Jose Muniz, Maintenance Pipefitter, for their efforts in responding to a car fire near their worksite. They were able to safely mitigate the fire prior to Anaheim Fire & Rescue Department arriving on the scene.

2. APPROVAL OF THE MINUTES OF THE PUBLIC UTILITIES BOARD MEETING OF AUGUST 24, 2022. *

M. Lee moved the approval of the Minutes of the Public Utilities Board Regular Meeting of August 24, 2022. V. Baroldi seconded the motion.

**MOTION CARRIED: 5-0.
ABSTAINED: 0.**

**ABSENT: 1. [N.
CAMPOS-KURTZ].**

3. APPOINTMENT OF ONE ALTERNATE MEMBER FOR THE PUBLIC UTILITIES HEARING BOARD. **

Chairperson J. Seymour stated that he is seeking one volunteer to serve as an alternate on the Public Utilities Hearing Board. Board Member A. Pham volunteered and agreed to be appointed as the alternate. Chairperson J. Seymour confirmed this appointment to the Public Utilities Hearing Board.

4. PRESENTATION: NEIGHBORHOOD AND RESIDENTIAL LIGHTING PROGRAM.

D. Lee, Public Utilities General Manager, indicated that Anaheim Public Utilities (APU) has received a number of customer requests to address safety across the City in conjunction with other departments, and wanted to share with the Board how APU's neighborhood and residential lighting programs are helping to address some of these safety concerns.

V. Tran, Principal Electrical Engineer, discussed APU's systematic approach in assessing lighting concerns and establishing the appropriate improvement strategies, which may include LED street light upgrades, new installations and encouraging property lighting. V. Tran also provided metrics on the citywide LED street light conversion progress, and elaborated on the different challenges that makes street light upgrades difficult in certain neighborhoods.

T. Castaneda, Community and Sustainability Manager, presented on the Dusk-to-Dawn lighting program, and explained how residents can qualify for free Dusk-to-Dawn lights to improve their property lighting. T. Castaneda discussed the various program benefits, and how APU has promoted the program through community meetings and pop-up events.

The Board asked if all street lights within the City will eventually be converted to LEDs. D. Lee indicated that APU aims to convert all street lights to LEDs. However, APU understands that some

neighborhoods prefer the nostalgic look of the older style lights. APU is currently looking into various options such as utilizing lower color temperature LEDs, and plans to pilot these lights prior to implementing additional replacements.

5. PRESENTATION: UTILITIES SUCCESS INDICATORS FOR 01/01/2022 – 06/30/2022.

Y. Saldivar, Utilities Analyst, presented an update on the Utilities Success Indicators (USI) for the reporting period of January 1, 2022 through June 30, 2022. Y. Saldivar reported that APU achieved its customer satisfaction targets for Anaheim Anytime and Call Center surveys by meeting at least 85% of survey respondents' expectations. Y. Saldivar made the Board aware of how APU rates remain competitive compared to surrounding Orange County cities.

For electric service reliability, Y. Saldivar explained that APU missed its targets due to last year's windstorm outages that are still impacting reliability numbers. She provided examples of ways APU is working on mitigating outages caused by metallic balloons and older underground cable failures.

Regarding water system maintenance, Y. Saldivar reported that APU fell short of the target for the reporting period due to staffing impacts related to COVID and reassignments to assist with water field construction activities. She discussed that APU is currently ahead on hydrant maintenance while slightly behind maintaining valves.

Y. Saldivar provided an overview of the Disabling Injury Rate metric and reported that APU missed its target primarily due to COVID-related time away from work. APU's safety services group is working with staff to implement operational changes to mitigate hazards causing occupational injuries.

Y. Saldivar discussed how APU has maintained alignment with the City's goals and initiatives by conducting educational outreach events and workshops for customers to comply with Anaheim's current water shortage contingency plan; securing funding through the California Arrearage Payment Program; and updating its Wildfire Mitigation Plan.

The Board asked how the safety metrics this reporting period compared to the last reporting period. D. Lee shared that while the metrics were lower than the prior year, the types of injuries are also reviewed to determine if there are greater safety issues. J. Lehman, Assistant General Manager – Administration and Risk Services, added that the improvements made by the safety group would be presented to the Board at an upcoming meeting. B. Beelner,

Assistant General Manager – Finance and Energy Resources, offered to include a trend analysis for the metrics in the next USI report. J. Lonneker, Assistant General Manager – Electric Services, shared that the Board would receive an Electric and Water reliability update showing annual trending at the next Board meeting.

The Board asked if APU is evaluating health and safety standards for contractors and subcontractors and if COVID-related time away from work is factored into these standards. D. Lee confirmed that APU monitors both design-build and pre-qualified contractors' safety incidents, and have, at times, held meetings with contractors to address safety issues, and has the ability to remove contractors from prequalified status if safety deficiencies persist. J. Lehman added that APU also conducts safety inspections at contractor and sub-contractor sites.

The Board asked if APU would have met its target for the safety and health injury rate indicator if the COVID cases were not factored into the calculation. D. Lee confirmed that APU would still be above the 1.0 target because of the four occupational injuries that took place during the reporting period. The Board asked how indicator targets are established. D. Lee briefly discussed that APU sets these targets to align with best industry practices, and has lowered initial targets when APU is significantly ahead of national averages.

6. ACCEPTANCE OF ADDITIONAL ELECTRIC BILL REDUCTION FUNDS ADMINISTERED THROUGH THE STATE OF CALIFORNIA FOR COVID-19 PANDEMIC RELIEF FOR THE BENEFIT OF UTILITY CUSTOMERS TO REDUCE ELECTRIC ARREARAGES AND NOTICE OF RESUMPTION OF RESIDENTIAL SERVICE DISCONNECTIONS FOR NON-PAYMENT IN 2023.*

R. King, Assistant Customer Services Manager, presented an update on customer past due balances and planned resumption of disconnections in early 2023. R. King reported that APU is requesting authority to apply for an additional \$1.7 million in COVID-19 relief funding through the 2022 California Arrearage Payment Program (CAPP 2.0). CAPP 2.0 covers arrearages from the period of March 4, 2020 to December 31, 2021 that have been past due for 60 or more days, specifically for active residential customers. CAPP 2.0 is administered through the California Department of Community Services and Development.

R. King reported that APU has helped customers with \$14 million in assistance since the start of the COVID-19 pandemic in 2020. However, there are still 18,000 accounts with outstanding balances

A. Abdulrahman moved the approval of the acceptancy of the Additional Electric Bill Reduction Funds. V. Baroldi seconded the motion.

MOTION CARRIED: 5-0.

ABSTAINED: 0.

ABSENT: 1. [N. CAMPOS-KURTZ].

that are over 30 days past due, totaling approximately \$16 million in uncollected payments.

C. Dalton, Electric Field Superintendent, presented to the Board on the various challenges that field staff encounter when on-site at a business or residential property and evaluating an electrical service panel. These challenges include theft of energy and power diversion which is a safety concern and requires further investigation to determine the corrective action. C. Dalton made the Board aware that the number of these incidents has remained constant over the years, even while APU suspended service disconnections for non-payment during the pandemic.

The resumption of disconnections in combination with customer outreach will aid customer accountability with utility accounts. Commercial disconnections for non-payment resumed in February 2022, and a plan has been developed to resume residential disconnections in early 2023 once the CAPP 2.0 arrearage program disconnection moratorium ends. Resuming disconnections will reduce outstanding debt and help keep utility rates affordable.

The Board asked how staff was made aware of tampering and diversion. C. Dalton shared that each instance is unique, but that leads come from various sources, including staff reviewing customer usage history and observations by staff in the field.

The Board stated that the average residential arrearage amount of \$220 does not seem to be correct. Staff will review the amounts and provide an update to the Board.

Staff will review the average residential arrearage amount and report back to the Board.

7. RECEIVE AND FILE THE ANNUAL EXTRA WORK / CHANGE ORDER REPORT FOR DEPARTMENT ORDER (DO) 310.

The annual update on Extra Work and Change Orders was provided to the Board. The report is a requirement of APU Department Order (DO) 310 that documents Extra Work and Change Orders for projects administered through the Public Works Department as well as Master Construction Agreements administered by APU staff.

D. Lee provided the Board with a summary of the annual report of the past year's change orders on all various construction projects. APU had a 1.5% variance on \$51.4 million in awarded projects. Some projects did not complete the full estimated scope, while others required additional work based on field conditions during construction.

The Board asked about the 39.5% net variance on the State College Blvd. Sewer Project. D. Lee responded that this was a multi-year

project managed by the Orange County Sanitation District, and their subcontractor performed water main construction. The project required a number of change orders due to the contractor damaging existing lines and modifications in scope resulting from the larger sanitation project. APU did take the change order to City Council for approval since the amount exceeded what was previously approved.

The Board asked about the average change order amount per contract. D. Lee responded that it depends on the type of agreement provisions, and that change order authority is usually 10% of the total contract amount.

8. UPDATE ON ELECTRIC SYSTEM ITEMS.

J. Lonneker, Assistant General Manager – Electric Services, presented to the Board on a summary of power outage metrics related to the September 2022 heat wave. J. Lonneker shared that there were fewer outages during the 2022 heat wave due to the Transformer Replacement Program that was initiated in 2021. Restoration time was shorter due to additional APU staff prepared to respond rather than waiting for contractors or mutual aid to arrive when called upon. J. Lonneker shared that positive customer feedback acknowledging the repair work performed by the APU crews was received through social media.

J. Lonneker shared with the Board the customer outreach efforts performed by staff to disseminate information about the upcoming undergrounding projects in areas in or adjacent to high fire threat zones. The outreach took place over two days near Oak Canyon Nature Center and on Martin Road and Santa Ana Canyon Road. Anaheim Fire and Rescue also participated in the outreach to provide information on wildfire season preparedness. A number of residents impacted by the undergrounding construction visited the booths where staff answered specific questions related to the projects.

J. Lonneker invited the Board to Public Power Week on Thursday, October 6th between 11am - 3pm on Center Street Promenade adjacent to the Farmers Market. APU staff will provide information to the public on rebates and programs available to conserve power and save money. APU will host elementary school students to educate them on safety around power lines and careers in the power industry.

9. UPDATE ON WATER SYSTEM ITEMS.

C. Parker, Acting Assistant General Manager – Water Services, shared with the Board the current water supply condition, noting

that the local groundwater basin is in good condition, but the State Water Project and Colorado River supplies are strained due to the drought. C. Parker also indicated that the annual precipitation is slightly under average for the year locally, for the state, and in the Colorado River basin. It is unlikely the City will lower the level of the water contingency plan, which is currently at Level 2 (watering only three days per week). If the winter is dry again this year, then water agencies will likely be mandated by the State to go to Level 3 (watering only two days per week) next year.

C. Parker also made the Board aware of the valve replacement project being performed by the design-build master construction agreement delivery method. The project is critical to replace valves so the system can be isolated when needed and affect as few customers as possible.

10. UPDATE ON FINANCE & ENERGY RESOURCES ITEMS.

B. Beelner discussed the monthly finance dashboard. The year to date electric revenue through August 2022 was 15.8% above budget (\$11.7M) due to higher than expected wholesale revenue due to higher than projected wholesale energy prices. Electric costs for the fiscal year were also above budget by 5.1% (\$3.4M) also due to higher than expected energy costs, causing a net positive budget variance of \$8.3M. B. Beelner then shared that year to date water revenue was 0.5% (\$0.1M) below budget. Water operating costs also fell below budget by 5.7% (\$0.8M) causing a net negative budget variance of \$0.7M.

B. Beelner made the Board aware that the heatwave that occurred across California for 10 days, from August 31st - September 9th, stressed the grid by setting a peak load of 52,061 MW. B. Beelner compared this heatwave and the State's response with the heatwave in 2020 (46,970 MW) and explained how the State was able to ensure there was enough power supply to meet this new peak without the need to resort to rolling blackouts. The State added 6,700 MW of capacity since 2020 mostly through the addition of 4,624 MW of additional battery storage coupled with higher levels of imported energy.

B. Beelner discussed APU's response to the heatwave and how APU was able to sell \$4.8 million worth of power during these 10 days on the wholesale market. The Board discussed the State's response and how the State will meet these kinds of demands in the future if imports are not available. D. Lee mentioned that this was why the state decided to keep Diablo Canyon Nuclear Generating Station online for an additional 10 years, and discussed how the State is now looking into offshore wind and other potentially higher

cost power supply options to help augment power supply constraints.

B. Beelner discussed the current interest rate market, the Federal Reserve's recent actions, the overall increase to interest rates, and the current phenomenon of the severe yield curve inversion. B. Beelner mentioned how this rising interest rate environment may impair APU's ability to refund bonds in the future. However, B. Beelner reminded the Board that all of APU's interest rates on its debt is currently fixed, thereby eliminating any risk associated with the current rising interest rate environment.

11. UPDATE ON ADMINISTRATION & RISK SERVICES ITEMS.

J. Lehman discussed the Administration and Risk Services Dashboard. She provided an update on the legislative session that was ending and reviewed three bills of interest. J. Lehman then discussed the safety metrics with the Board.

12. ITEMS BY SECRETARY.

D. Lee shared agenda items planned for next month:

- Quarterly Status Reports on Capital Improvements and Prequalified Contracts
- Safety Consulting Services Agreements
- Annual Electric Reliability Presentation
- 2022 Emergency Response Planning Update
- Sustainability Education Center (SEC) Presentation and Exhibit Design and Fabrication Agreement

D. Lee reminded the Board that the Public Utilities Hearing Board is scheduled to convene next month, October 26 at 4PM in the Anaheim West Tower 11th Floor Conference Room. The resident has been invited to attend.

D. Lee shared photos of the Department Staff Meeting held on September 8, 2022. The guest speaker at the event was Chairperson J. Seymour.

D. Lee shared photos from the EV Ride & Drive event at Katella High school. APU staff was present to answer questions regarding EV battery use in the home and charging rate plans. Residents with EV vehicles were invited to showcase their vehicles.

D. Lee reminded the Board of the emergency homeless shelter built in 79 days that was managed by APU in 2019, and then shared photos of the new Center of Hope campus currently under

construction by the Salvation Army. This project should be operational by late spring of 2023, and APU's role for the new development is to provide electric and water services.

13. ITEMS BY BOARD MEMBERS.

Board member A. Pham thanked APU staff for their public communication during the heatwave. In regards to the upcoming Energy Storage Project, Board member A. Pham suggested that APU look into fire safety due to potential fire hazards as seen in other locations. D. Lee responded that he had recently discussed safety aspects of this project with B. Beelner and his team. J. Lehman's team will be involved in reviewing safety aspects of the construction. APU also searches for best practices and will review proposals in detail to see how safety issues are being addressed. D. Lee stressed that the issue of fire safety is something APU staff is very focused on.

Board member M. Lee expressed appreciation for the new presenters this evening, their concise presentations and ability to respond to questions are especially appreciated. He expressed concern over the continuous importation of power and the fact that Anaheim currently does not have the infrastructure to independently import large amounts of power. D. Lee responded that this is an industry-wide concern, and the Federal Government and the State of California are looking into many power options. B. Beelner and his staff are putting together an Integrated Resource presentation for the Board in March 2023 with a comprehensive plan for all integrated resources.

Board member AB. Abdulrahman asked about the growing number of EV cars and the plan to accommodate them. D. Lee responded that monthly meetings are held across multiple divisions to plan and prepare for EV proliferation. As residents and businesses transition to EVs, APU staff is working to address build-out of infrastructure needs.

Vice Chairperson V. Baroldi commented about the benefits of refinancings that have previously taken place, and about continuing to address forced mandates by the State.

Chairperson J. Seymour encouraged all members of the Board to attend the upcoming Colorado River tour.

14. ADJOURNMENT: (NEXT REGULAR MEETING ON OCTOBER 26, 2022 AT 5:00 P.M.)

M. Lee moved to adjourn the Regular Meeting in the Gordon Hoyt Conference Center at 7:07 p.m. to the Board's Regular Meeting

date of October 26, 2022 at 5:00 p.m. A. Pham seconded the motion.

**MOTION CARRIED: 5-0.
ABSTAINED: 0.
ABSENT: 1. [N.
CAMPOS-KURTZ].**

Respectfully submitted,

Dukku Lee
Public Utilities General Manager

- * Indicates item(s) that will be forwarded to City Council for action upon recommendation by the Board.
- ** Indicates item(s) that will be forwarded to City Clerk and City Council for informational purposes.