

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**January 26, 2022**

The agenda having been posted on Thursday, January 20, 2022, the Regular Meeting / Public Hearings of the Public Utilities Board (Board) was called to order by Chairperson J. Seymour at 5:00 p.m. on Wednesday, January 26, 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, R. Gaona, N. Campos Kurtz, M. Lee

**Board Members Absent:** R. Bhalla

**City Staff Present:** D. Lee, P. Starr, B. Beelner, J. Lonneker, A. Kott, J. Lehman, M. Moore, M. Avelino-Walker, A. Nguyen, T. Mardikian, D. Ballin, B. Iglesias, T. Del Rio, N. Heidel, J. Castro, E. Ramirez

**Guest(s) Present:** Marvyn Lindsey - Resident, Hai Nguyen - Resident, Patricia Varga - Resident, Christina Bautista - Resident, Dumitrii Lazuran - Resident, Lisa A. Augustine - Court Reporter, CSR # 10419, Maria Villegas - Orange County Translation & Interpretation Services

**AGENDA ITEM**

**ACTION TAKEN**

Prior to the opening of the meeting, D. Lee, Public Utilities General Manager, recognized Board Member R. Gaona for his service on the Public Utilities Board. R. Gaona participated in Board recognitions of students and schools, and supported projects and programs that benefit the community. R. Gaona thanked fellow Board members and staff for the recognition and stated that he appreciates his time on the Board.

**1. PUBLIC COMMENTS.**

There being no electronic or oral public comments, Chairperson J. Seymour closed the non-public hearing portion of the public comments of the meeting.

**2. APPROVAL OF THE MINUTES OF THE PUBLIC UTILITIES BOARD REGULAR MEETING OF DECEMBER 15, 2021. \***

R. Gaona, moved the approval of the Minutes of the Public Utilities Board Regular Meeting of December 15, 2021. N.

Campos Kurtz seconded the motion.

**MOTION CARRIED: 6-0.  
ABSTAINED: 0.  
ABSENT: 1 [R. Bhalla].**

**3. PRESENTATION: THANKSGIVING DAY WINDSTORM RESTORATION.**

J. Lonneker, Assistant General Manager - Electric Services, presented to the Board details of the Thanksgiving Day wind storm that resulted in extensive damage to the electric infrastructure causing the power outage on November 25, 2022. J. Lonneker shared with the Board that although extensive permanent repairs took 12 days to accomplish, power was restored to the majority of customers the same day, which was further described by B. Iglesias, Senior Utilities Systems Scheduler. The overall cost of the extensive repairs was approximately \$1.3M, including the use of contractors and material support from Southern California Edison (SCE). J. Lonneker invited key field staff to be recognized by the Board for their outstanding efforts in the restoration and recovery efforts of this major wind event.

The Board inquired about the frequency of pole inspections, and J. Lonneker explained that visual inspections are conducted every five years and intrusive inspections that test pole integrity are conducted over 10 or 20 year cycles, depending on their last test results. The Board inquired about making arrangements with SCE for future mutual aid and staff explained that there is an agreement in place for reimbursement of costs. J. Lonneker then shared with the Board that it is also important for Anaheim Public Utilities (APU) to participate in assisting other utilities when there are calls for mutual aid.

**4. PUBLIC HEARING: PROPOSED INCREASES TO THE WATER COMMODITY ADJUSTMENT (W-CA) AND WATER SYSTEM RELIABILITY ADJUSTMENT (W-SRA) RATES AND CORRESPONDING REVISIONS TO SCHEDULES W-CA AND W-SRA OF THE *WATER RATES, RULES AND REGULATIONS*\*\*; APPROVAL OF PROPOSED MODIFICATIONS TO RULE NO. 11 (DISCONTINUANCE AND RESTORATION OF SERVICE) OF THE *WATER RATES, RULES AND REGULATIONS*; AND DETERMINATION THAT THESE MODIFICATIONS ARE EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO THE PUBLIC RESOURCES CODE SECTION 21080(B)(8), AND SECTIONS 15061(B)(3) AND 15273(A) OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. \***

APU presented prepared testimony and oral testimony in support of its proposed (1) water rate increase to the Water Commodity Adjustment (W-CA) and Water System Reliability Adjustment (W-SRA) and (2) the proposed modifications to Rule No. 11.

Upon the completion of the testimony and public comments, Chairperson J. Seymour entertained the following motion from A.

The Public Hearing was called to order by Chairperson J. Seymour.

B. Beelner, Assistant General Manager - Finance and Energy Resources, presented oral testimony explaining that APU is proposing to increase the Water Commodity Adjustment (W-CA) and Water System Reliability Adjustment (W-SRA) of the *Water Rates, Rules and Regulations*. The rate proposal will help to recover increasing wholesale water costs, primarily driven by a decrease in the amount of groundwater and a corresponding increase in the amount of imported water used to serve APU customers, and provide capital funding to address aging pipelines and other capital infrastructure needs. B. Beelner also noted proposed modifications to Rule No. 11.

D. Lee stated that approximately 83,456 Notices of Public Hearing were mailed and, of those, 1,754 notices were in Spanish and 81,702 notices were in English. He also shared that 15 written protests were received as of the public hearing date.

Upon conclusion of the foundational testimony, the Board asked whether APU should issue more bond indebtedness rather than raise rates. B. Beelner responded to the question by indicating that staff is mindful that APU does not issue too much debt because of the consequences, including potential downgrades and impacts to reserves.

After Board questions, Chairperson J. Seymour asked if there were any members of the public who would like to speak either in favor of or in opposition to the proposed modifications to the *Water Rates, Rules and Regulation*. Two members of the public spoke about (1) water quality and (2) whether the federal government provides funding to the 130 million customers in Anaheim. Staff addressed those comments by explaining how imported water is treated by the Metropolitan Water District of Southern California (MWD) and offering to speak to the water quality questions in greater detail following the rate hearing, and clarified that there are about 60,000 water customers, and that minimal funds from grants are received from the government, but the majority of costs are borne by Anaheim water customers. Afterwards, D. Lee provided some closing remarks reminding the public that while APU is required to recover its cost of service, it offers rebates and programs to help residents conserve water and lower utility bills.

Kott, who moved that all evidence, oral and written, submitted by staff, including the Prepared Testimony with exhibits from B. Beelner; the Affidavits of Publication of the Notice of Public Hearing; the Certificate of Mailing; the written protests filed with the Secretary of the Board; and public comments become part of the record and submitted into evidence. Chairperson J. Seymour granted A. Kott's motion.

Chairperson J. Seymour next entertained A. Kott's request to close the record of the public hearing because there were no further witnesses or evidence to be submitted by APU for the Board's consideration. Since no objections to A. Kott's request were interposed, Chairperson J. Seymour closed the Public Hearing.

Chairperson J. Seymour summarized the prior testimony of D. Lee and noted that the number of protests received did not constitute a majority protest to the proposed increases to the W-CA and W-SRA. Based on the foregoing, Chairperson J. Seymour concluded that the increases to the W-CA and W-SRA are in effect on February 1, 2022 and April 3, 2022, respectively, as guided by applicable state laws.

V. Baroldi moved that the Board recommend to the City Council, by resolution,

that it (1) determine that the modifications to the *Water Rates, Rules and Regulations* are exempt under CEQA; and (2) approve the proposed modifications to Rule No. 11 of the *Water Rates, Rules and Regulations*. A. Abdulrahman seconded the motion.

**MOTION CARRIED: 6-0.**

**ABSTAINED: 0.**

**ABSENT: 1 [R. Bhalla].**

APU presented prepared testimony and oral testimony in support of its proposed rate and rule modifications to the *Electric Rates, Rules and Regulations*.

Upon the completion of the testimony and public comments, A. Kott moved that all evidence, oral and written, submitted by staff, including the Prepared Testimony with exhibits from B. Beelner; and the Affidavits of Publication of the Notice of Public Hearing become part of the record and submitted into evidence. Chairperson J. Seymour granted A. Kott's motion.

Chairperson J. Seymour next entertained A. Kott's request to close the record of the Public Hearing because there were no further witnesses or evidence to be submitted by APU for the Board's consideration. Since no objections to A. Kott's request were interposed, Chairperson J.

**5. PUBLIC HEARING: APPROVAL OF THE PROPOSED MODIFICATIONS TO SCHEDULE GS-2 (GENERAL SERVICE), SCHEDULE TOU (TIME-OF-USE), SCHEDULE TES (THERMAL ENERGY STORAGE), SCHEDULE FIT (FEED-IN TARIFF), DEVELOPMENTAL SCHEDULE D-TOU-2 (DEVELOPMENTAL DOMESTIC TIME-OF-USE), DEVELOPMENTAL SCHEDULE D-TOU-L (DEVELOPMENTAL TIME-OF-USE-LARGE), DEVELOPMENTAL SCHEDULE D-NEM (DEVELOPMENTAL NET ENERGY METERING), DEVELOPMENTAL SCHEDULE D-EV (DEVELOPMENTAL DOMESTIC ELECTRIC VEHICLES), AND DEVELOPMENTAL SCHEDULE D-EV-2 (DEVELOPMENTAL NON-DOMESTIC ELECTRIC VEHICLES) OF THE *ELECTRIC RATES, RULES AND REGULATIONS*; APPROVAL OF NEW RULE 25 (GREEN POWER OPTION) AND PROPOSED MODIFICATIONS TO RULE NOS.11 (DISCONTINUANCE AND RESTORATION OF SERVICE) AND 29 (SOLAR POWER PROGRAM) OF THE *ELECTRIC RATES, RULES AND REGULATIONS*; AND DETERMINATION THAT THESE MODIFICATIONS ARE EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO THE PUBLIC RESOURCES CODE SECTION 21080(B)(8), AND SECTIONS 15061(B)(3) AND 15273(A) OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. \***

The Public Hearing was called to order by Chairperson J. Seymour.

R. Gaona left the meeting.

B. Beelner presented oral testimony explaining that APU is proposing rate and rule modifications to the *Electric Rates, Rules and Regulations*.

B. Beelner discussed a new program called the Green Power Option which he noted was a voluntary program for APU residential and commercial customers who want to purchase more renewable energy above APU's current state-mandated target to achieve their sustainability goals. The opt-in program does not impact the balance of customers.

B. Beelner discussed other proposed modifications which adjusted three of the time-based rate schedules to better align with current power market conditions. Over the last several years, B. Beelner mentioned electricity prices have typically peaked in the evening hours between 4pm – 9pm, when there is less solar energy available and when people return home from work and turn on their appliances. He also stated that proposed modifications would change the APU summer period from June through September to July through October, as APU has also seen more power consumed in October (instead of June) because of warmer weather.

B. Beelner clarified that these changes are intended to align time periods and seasons with market conditions so that demand and cost for energy are better aligned for cost recovery. These changes are not projected to materially impact electric revenue, and less than 1% of APU customers will be impacted as the majority of APU residential customers are on a standard domestic rate.

Upon conclusion of the foundational testimony, Chairperson J. Seymour asked if any member of the Board had questions for staff. No member of the Board had any questions.

Chairperson J. Seymour then asked if there were any members of the public who would like to speak either in favor of or in opposition to the proposed modifications to the *Electric Rates, Rules and Regulation*. There were no public comments. D. Lee provided some closing remarks.

A verbatim transcript of the public hearings with all testimony and exhibits that were a part of the public hearings was prepared by the Court Reporter. The certified original transcript is on file in the 11<sup>th</sup> floor Department Records, Public Utilities Department, Anaheim West Tower. A certified copy of the original transcript is on file in the City Clerk's Office, 2<sup>nd</sup> floor, City Hall.

Seymour closed the public hearing.

A. Abdulrahman moved that the Board recommend to the City Council, by resolution, that it determine that the modifications to the *Electric Rates, Rules and Regulations* are exempt from CEQA and approve the proposed rate and rule modifications to the *Electric Rates, Rules and Regulations*. N. Campos Kurtz seconded the motion.

**MOTION CARRIED: 5-0.  
ABSTAINED: 0.  
ABSENT: 2 [R. Bhalla, R. Gaona].**

## **6. QUARTERLY STATUS REPORTS ON CAPITAL IMPROVEMENT PROJECTS, MASTER AGREEMENTS, GENERAL SERVICES AGREEMENTS, AND SPOT BID AWARDS.**

D. Lee explained to the Board that the quarterly report includes additional metrics for both the Water and Electric Design-Build Master Agreement in the form of a table with the number of projects awarded and the expenditures to date for the fiscal year.

The reporting for Electric began this quarter with the recent approval by the Board and City Council of the Electric Design-Build Master Agreement, which the Water Division had in place in previous years.

J. Lonneker reviewed the quarterly CIP Report with the Board, noting that expenditures to date align with the approved budget. J. Lonneker noted there is a delay in the construction phase of the transformer replacement program for this fiscal year due to the awarded contractor withdrawing their bid. Construction is estimated to begin by April 2022.

M. Moore, Assistant General Manager - Water Services, provided an overview of the Water Capital Program. The amended budget for this fiscal year is \$172.1M. Most of the budget is for the Groundwater Treatment Program that will be mostly reimbursed by the Orange County Water District (OCWD). M. Moore updated the Board on the drilling of two new wells for the Groundwater Treatment Program. It is rare to have two wells being drilled at the same time. The operation began at the beginning of January and has been under construction 24/7. The Board inquired if there will be treatment at this location, and M. Moore confirmed that treatment will be added after the wells are constructed.

## **7. UPDATE ON ELECTRIC SYSTEM ITEMS.**

J. Lonneker updated the Board regarding a power outage on December 31, 2021, affecting 108 customers for approximately 11 hours. Temporary generators were used to shorten the outage duration while crews made extensive repairs to damaged equipment; positive comments received by a resident impacted by the outage were shared with the Board.

## **8. UPDATE ON WATER SYSTEM ITEMS.**

M. Moore provided an update on Water Supply. The watersheds that supply water to Anaheim experienced dry conditions for January and are about halfway through their wet period of the year. Metropolitan Water District (MWD) still has strong water storage accounts in case the drought continues. APU will monitor the weather conditions in February to determine if an increase to the Water Shortage Contingency Plan to Level 2 is advisable. Staff will come back to the Board in March with a recommendation. Customers are still encouraged to limit water waste and participate in efficiency programs.

M. Moore provided an update on the Indiana Street pipeline, which is an 80 year old water line that has broken several times. APU is using the Design-Build Master Agreement to accelerate replacement with a new ductile iron pipeline. The project began

several weeks ago, and customers have expressed their appreciation for the waterline replacement.

M. Moore shared that APU Maintenance staff conducted an annual shutdown, cleaning and inspection of the Lenain Water Treatment Plant. The shutdown was performed the week of January 17 and is now back in service. The cleaning and inspection removed less quagga mussels than previous years due to new mitigation measures made by APU and MWD.

## **9. UPDATE ON FINANCE & ENERGY RESOURCES ITEMS.**

B. Beelner discussed the monthly finance dashboard with the Board indicating that the year to date electric revenue through December, 2021 was 2.2% above budget (\$4.8M). Electric costs for the fiscal year to date fell below budget by 7.0% (\$13.4M) causing a net positive budget variance of \$8.6M. B. Beelner then mentioned that year to date water revenue was 2.4% (\$1.3M) below budget. However, water operating costs fell below budget by 9.8% (\$4.2M) causing a net positive budget variance of \$2.9M.

B. Beelner presented the Power Supply dashboard and discussed the ongoing fuel supply constraints at the Intermountain Power Project (IPP) and discussed the decision by the project participants to shut down one of the two units and operate the second unit at 35% capacity to preserve the coal pile currently at the site. This shut down and de-rating meant that APU only received 36 MW of its contractually allowed allotment of 236 MW in December, 2021. B. Beelner mentioned that the reduced production from IPP impacted APU's wholesale revenue, and in all likelihood, would continue through the end of the year.

The Board asked about the status of the coal pile. B. Beelner responded that IPP currently has about 15 days' worth of coal on site; however, the usability of the bottom of the pile could be impugned due to dirt or other impurities so it could be less than 15 days.

B. Beelner then mentioned that APU is currently working on mitigation strategies to prepare for peak summer demands if the situation persists through the summer months and that those strategies will be brought to the Board at its May, 2022 meeting.

## **10. UPDATE ON ADMINISTRATION & RISK SERVICES ITEMS.**

J. Lehman, Interim Assistant General Manager - Administration and Risk Services, provided the Board with an update on the Wholesale Energy Risk Management (ERM) Program's Quarterly Compliance report for the first quarter of FY22, which was included in the Board

packet. She indicated that all wholesale energy transactions met the Program's requirements and that there were no violations of the ERM during this period.

J. Lehman provided an update on the State's customer arrearage assistance programs and reported that the funding for the applicable electric services customers had been received, and that APU was still awaiting the funding for the past due water services customers whose arrearages met the State's criteria. She explained that the funding will be applied to the eligible accounts, as required by the programs.

J. Lehman then provided an update on the status of the safety program. J. Lehman shared that the safety metrics are similar to last years and COVID-related illnesses are the main cause for the metrics exceeding the targets.

## **11. ITEMS BY SECRETARY**

D. Lee shared with the Board the items scheduled for the following Board meeting. Proposed agenda items include:

- Safety Services Presentation
- Water and Electric Bond Presentation
- Request for Bond Issuance

D. Lee mentioned that APU participated in the Anaheim Beautiful Awards, 2021 Holiday Lights Contest where a number of residents were recognized by the Anaheim Beautiful selection committee. Two homes that participated in the contest utilized 100% LED lights.

D. Lee mentioned that APU participated in a tour with the Southern California Association of Governments (SCAG). The SCAG President and Director looked at a number of Anaheim facilities. APU participation consisted of taking them to an affordable housing complex and sharing information about APU's Rideshare Pilot Program. The pilot program allows property managers to lease two electric vehicles and they are reimbursed monthly for the costs. The residents can utilize the vehicles for low mile trips; this is a good way to introduce electric vehicles and their use at affordable housing complexes.

D. Lee shared that he attended a dedication of the Rick Gomez Park located in Buena Park. Rick Gomez, who passed away several years ago, was a former APU employee and an instrumental part of the organization.

D. Lee explained the Welcome Kit program where kits are distributed to new electric residential customers. The kits include four LED lights and a Residential Resource Guide. There is an



average of 720 Welcome Kits provided to residents each month. The LED lights generate over 1 million kWh of savings annually, which is enough to power nearly 100 homes for an entire year and contributes to our sustainability goals.

D. Lee shared information about the COVID Recovery Update that was presented at the January 11, 2022 City Council meeting and explained the overall impacts of COVID on Anaheim employees.

## 12. ITEMS BY BOARD MEMBERS

N. Campos Kurtz thanked staff for the tour of the Customer Service Call Center and shared that it was very informative. She indicated that it was a good team of people providing excellent service to Anaheim residents.

## 13. ADJOURNMENT: (NEXT REGULAR MEETING ON FEBRUARY 23, 2022 AT 5:00 P.M.)

M. Lee moved to adjourn the Regular Meeting / Public Hearings in Gordon Hoyt Conference Center at 7:21 p.m., to the Board's Regular Meeting date of February 23, 2022 at 5:00 p.m. N. Campos Kurtz seconded the motion.  
**MOTION CARRIED: 5-0.**  
**ABSTAINED: 0.**  
**ABSENT: 2 [R. Bhalla, R. Gaona].**

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.