

**CITY OF ANAHEIM
PUBLIC UTILITIES BOARD**

MINUTES

April 27, 2022

The agenda having been posted on Friday, April 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, April 27, 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, N. Campos Kurtz, A. Pham

Board Members Absent: R. Bhalla, M. Lee

City Staff Present: D. Lee, P. Starr, A. Kott, J. Lehman, B. Beelner, J. Lonneker, M. Avelino-Walker, C. Parker, M. Seifen, J. Sanks, E. Krause, A. Nguyen, C. Pereyra, Y. Saldivar, S. Boodanian, M. Gonzalez, L. Kwon

Guest(s) Present: Carlos Patti - Owner of El Gaucho Meat Market Anaheim, Roberto Blancas - Small Business Direct Install (SBDI) Contractor for Richard Heath & Associates (RHA)

AGENDA ITEM

ACTION TAKEN

1. RECOGNITION: SUSTAINABLE SMALL BUSINESS AWARD.

M. Avelino-Walker, General Services Manager, provided an overview of the recognition and the selection process, and the Board recognized Carlos Patti, Owner of El Gaucho Meat Market Anaheim, as the first place winner of the Sustainable Small Business Award.

2. PUBLIC COMMENTS.

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

3. APPROVAL OF THE MINUTES OF THE PUBLIC UTILITIES BOARD REGULAR MEETING OF MARCH 23, 2022. *

A. Abdulrahman moved the approval of the Minutes of the Public Utilities Board Regular Meeting of March 23, 2022. N. Campos Kurtz seconded the motion.
**MOTION CARRIED: 5-0.
ABSTAINED: 0**

4. APPOINTMENT OF UP TO THREE MEMBERS TO THE *AD HOC* STUDENT SCHOLARSHIP SELECTION COMMITTEE.

Chairperson J. Seymour indicated that he was seeking three Board members to serve on the *ad hoc* Student Scholarship Selection Committee. N. Campos Kurtz, A. Pham, and V. Baroldi volunteered. J. Seymour confirmed their appointments to the *ad hoc* Student Scholarship Selection Committee.

5. PRESENTATION: CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO) OVERVIEW.

E. Krause, Integrated Resources Manager, presented an overview of the California Independent System Operator (CAISO). E. Krause began with a timeline depicting the evolution of the power markets, elaborating on the transition from regulated markets to the current deregulated CAISO markets and separation of transmission access and market pricing. Grid Operators across North America were depicted showing the geographic regions in which they control and monitor the transmission grid. Discussion continued regarding the CAISO's role as a Balancing Authority, which manages generation needs to serve load requirements across 80% of California.

E. Krause shared the review of the primary functions and responsibilities of the CAISO. The function of grid reliability and the need to have resources available to manage contingency events was discussed elaborating on the past 2011 San Diego blackout and causes. The discussion about grid reliability concluded with information about Anaheim Public Utilities' (APU) role requiring supply of sufficient resources to meet planning reserve margins throughout the year along with following any CAISO orders or instructions to dispatch resources and drop load if necessary to avoid grid instability. The discussion of CAISO functions and responsibilities continued with infrastructure planning, elaborating on the process and needs for transmission planning and capacity planning as the resource mix and load requirements change over time. APU's role in providing access to its transmission portfolio was discussed along with payment for use of transmission turned over to CAISO operational control as well as rates of CAISO transmission to supply resources to the grid, allowing access to resources throughout the state. The final function of CAISO market operations was presented, showing the balancing which must be done throughout the day on interval bases to match supply and demand. APU's participation in the energy markets was discussed along with future use of the battery energy storage system to balance increasing intermittent resources and supply ancillary services to the grid. Market operations was demonstrated with a

chart depicting a vat of water and flows in and out to visualize how balance is maintained on the grid.

E. Krause explained expansion of the energy markets into surrounding balancing authorities and a discussion on the Energy Imbalance Market (EIM) which supports clean energy goals allowing neighboring balancing authorities to balance supply and demand. Solar production was used as an example, high penetrations in one balancing authority could be shifted to another balancing authority that is in need of generation, balancing over a wider footprint and minimizing the geographical impacts of intermittent resources.

The presentation concluded with a reiteration of the grid mechanisms to balance occurring minute by minute and automated generation controls which occur every four seconds to maintain grid reliability and flexibility in order to keep the lights on.

The Board inquired about generators being controlled by computers to move the generation and balance the production; E. Krause explained how generators are, in some cases, controlled by computers through Automated Generation Control (AGC) and also shared that there are other cases, as where Canyon Power Plant uses APU technicians to dispatch the units.

The Board inquired why APU needs to follow CAISO direction to reduce load in emergencies. D. Lee responded that APU must follow the orders of the CAISO to avoid larger disruptions on the grid, such as cascading blackouts. E. Krause shared this is a requirement of the CAISO Tarriff and must be followed to avoid penalties and maintain compliance.

6. PRESENTATION: FY 2023 STRATEGIC BUDGET PLAN.

C. Pereyra, Utilities Budget and Performance Administrator, began her presentation with an overview of the Fiscal Year (FY) 23 Strategic Plan, vision and mission statement, the four-step budget process, and strategic goals. C. Pereyra then discussed the FY 22 budget projections for both expenses and revenue, explaining that the largest expense variance was related to multi-year capital projects for which funds would be carried over into the proposed fiscal year after budget adoption.

C. Pereyra showed a short video highlighting how APU's current year programs and projects align with the four strategic goals identified during the budget process. She also described FY 23 proposed expenditures, indicating that power supply costs would be increasing due to increased natural gas and debt service costs associated with the Magnolia Power Plant, and that water supply costs would be decreasing because less treated water purchases were expected.

C. Pereyra reviewed key strategies that are included in the proposed budget and aligned with APU's strategic goals. The Board inquired about the cost of the proposed Sustainability Education Center and whether it was a worthwhile investment. D. Lee described current efforts to receive federal grant funds for the project that is currently estimated at \$8M, and M. Avelino-Walker briefly described the positive feedback she has received from the community regarding the proposed project and how it would supplement local community students' education with hands-on, STEM-based experience and exposure to careers in the water and energy fields.

C. Pereyra closed the presentation sharing how APU continues to monitor performance through the Utilities Success Indicators, highlighted upcoming events including City Council workshops and budget adoption, and invited Board members to submit any questions before next month's meeting.

7. BY RESOLUTION, RECOMMEND DECLARING A WATER SUPPLY SHORTAGE AND ORDER THE IMPLEMENTATION OF WATER REDUCTION PLAN II IN ACCORDANCE WITH CHAPTER 10.18 OF THE ANAHEIM MUNICIPAL CODE IN RESPONSE TO PROLONGED DROUGHT CONDITIONS. *

C. Parker, Water Engineering Manager, briefed the Board on the current drought, California's response, and APU's response. C. Parker indicated that this is the third year of the drought, so more action is now needed to mitigate the impacts of the drought.

The Governor issued an Executive Order in March ordering water agencies to move to Level 2 of their water shortage contingency plans, allowing three days of watering per week for irrigation, as well as other mandated actions, such as no runoff of irrigation outside landscaping, no washing of sidewalks or hardscape, and no watering for two days after rain. C. Parker shared that APU will be launching an education campaign to assist customers in meeting the mandate, as well as offering rebate programs to reduce water use.

The Board requested that staff contact Home Owners Associations (HOAs) and their landscape maintenance companies to provide additional education and outreach regarding Anaheim's implementation of its Water Reduction Plan II. C. Parker indicated that staff will contact those groups. The Board inquired about the respective percentage reduction in each level of the Water Shortage Contingency Plan. C. Parker shared that Level 1 is voluntary at about 15%, Level 2 is mandatory at about 11% to 20%, Level 3 is mandatory at about 35%, Level 4 is mandatory greater than 35%, and Level 5 is a much higher threshold. There was a question about the percentage of residential and commercial customers. B. Beelner, Assistant General Manager – Finance and Energy Resources, indicated that the customer make-up is about 60% residential and 40% commercial.

Staff will contact Home Owners Associations and landscape companies.

N. Campos Kurtz moved recommendation, by resolution, that the City declare a water supply shortage and order the implementation of the Water Reduction Plan II in accordance with Chapter 10.18 of the Anaheim Municipal Code in response

to the prolonged drought conditions. V. Baroldi seconded the motion.
MOTION CARRIED: 5-0.
ABSTAINED: 0.
ABSENT: 2. [R. Bhalla, M. Lee].

8. APPROVAL OF POSTING THE 2022 WATER QUALITY REPORT ON THE ANAHEIM PUBLIC UTILITIES DEPARTMENT WEBSITE AND PROVIDING CERTIFICATION OF COMPLETION OF POSTING TO THE STATE WATER RESOURCES CONTROL BOARD DIVISION OF DRINKING WATER AS REQUIRED BY THE CALIFORNIA CODE OF REGULATION. *

J. Lehman, Assistant General Manager - Administration and Risk Services, invited the Board's attention to the 2022 Annual Water Quality Report (Report) detailing that APU either met or exceeded all federal and state water quality requirements. J. Lehman noted that the state Division of Drinking Water issued a violation due to APU missing one test of untreated water; this was self-reported and the test was promptly collected.

J. Lehman requested the Board's approval to post the Report on the Department's website and certify to the State Water Resource Control Board when the posting was completed.

A. Abdulrahman moved the approval of the posting of the 2022 Water Quality Report on the Anaheim Public Utilities Department website and providing certification of completion of posting to the State Water Resources Control Board Division of Drinking Water as required by the California Code of Regulation. A. Pham seconded the motion.
MOTION CARRIED: 5-0.
ABSTAINED: 0.
ABSENT: 2. [R. Bhalla, M. Lee].

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

D. Lee, Public Utilities General Manager, commented that the Quarterly Status Reports are available for Board review and noted that use of the contract agreements have been a useful tool for staff in completing a high volume of both water and electrical reliability projects and larger design-build water projects in a timely manner.

J. Lonneker, Assistant General Manager – Electric Services, briefed the Board members on the Electric Capital Improvement Program summarizing that project completing is on track and within budget for the third quarter of FY 21-22. J. Lonneker highlighted several capital projects including LED streetlight conversion and cable and transformer replacement projects.

C. Parker, Water Engineering Manager, briefed the Board members on the Water Capital Improvement Program (CIP). He noted that the CIP is on track to complete the majority of the projects. He mentioned that the Indiana St. Pipeline is now completed, other than final paving. The drilling of Wells 60 and 61 will be completed in June 2022. The Board asked about the issue of PFAS

(polyfluoroalkyl) affecting the new wells. C. Parker indicated that treatment facilities will be co-located at the well site to treat the groundwater. C. Parker also provided an update on the Groundwater Treatment Program.

10. UPDATE ON ELECTRIC SYSTEM ITEMS.

J. Lonneker, Assistant General Manager – Electric Services, made the Board aware of recent power outages requiring extensive repairs over the past month. These outages included a canopy entangled in the power lines during elevated winds; a vehicle hit pole on East Street requiring replacement, which impacted approximately 400 customers; and a power outage along Harbor Boulevard impacting nearby hotels for an extended period of time due to equipment damage. J. Lonneker shared with the Board that a public service announcement will be posted as a reminder to tie down objects and customers with extended outage duration will receive a bill credit.

11. UPDATE ON WATER SYSTEM ITEMS.

C. Parker, Water Engineering Manager, briefed the Board on the water supply condition, the annual Water Poster Contest recognition event at the Honda Center on April 19th, and the pipe tapping contest by the American Water Works Association (AWWA) California/Nevada section (CA/NV) Conference on April 12th in which APU water field staff participated. In addition, he announced that on Saturday, April 30th, from 9:00 am to 11:00 am there will be an open house at Boysen Park to share information with the public about the groundwater treatment project at the park.

12. UPDATE ON FINANCE & ENERGY RESOURCES ITEMS.

B. Beelner, Assistant General Manager – Finance & Energy Resources, shared with the Board that the Intermountain Power Authority (IPA) approved a new operational rule allowing participants, such as APU, to pre-determine the amount of energy they will need from the Intermountain Power Project (Project) this summer. Because the Project still has fuel supply constraints, allowing participants to determine how much fuel they need to burn during the summer and how much they should save for the fall will allow for greater operational flexibility.

B. Beelner then discussed the recent Electric and Water bond sales. B. Beelner mentioned that due to a downturn in the bond market, APU did not sell as many bonds as it had intended to because the refunding (refinancing) savings were not optimal for some of the earlier refunding candidates due to rising interest rates. APU was still able to sell approximately \$500 million of bonds, with \$175 million as new money to invest in the system, and \$325 million of refunding bonds with an average interest rate of 3.68% for the electric bonds and 3.97% for the water bonds. B. Beelner noted that

the refunding's will save APU customers approximately \$18 million in future interest costs.

13. UPDATE ON ADMINISTRATION & RISK SERVICES ITEMS.

J. Lehman, Assistant General Manager - Administration and Risk Services, mentioned that the application for participation in the Low Income Home Water Assistance program (Program) that had been recommended for approval by the Board last month was filed. The State expects the Program to go live in June. At that time, similar to the State's low income assistance program for electricity, APU will be able to provide qualifying customers with assistance in paying their water bill.

J. Lehman then invited the Board's attention to the Administration and Risk Services Dashboard. She highlighted three bills of interest, and reported that the PUB Legislative Working Group had met prior to the PUB meeting to discuss legislative matters in more detail. J. Lehman then reviewed the safety metrics, noting that there were no significant injuries.

14. ITEMS BY SECRETARY.

D. Lee, Public Utilities General Manager, shared the following plans for next month:

- Annual Summer Readiness Presentation
- Update to the Wildfire Mitigation Plan
- Request for Public Hearing Date for the Public Health Goals Report
- FY 23 Proposed Budget Consideration

D. Lee mentioned that APU received an award from the Community Services Department for raising \$20,000 for the Anaheim Community Foundation (ACF) through the Helping Hands program where residents receive a bill insert twice a year to donate; this helps support the senior and youth programs.

D. Lee shared mentioned the Anaheim facilities tour that Board Member A. Pham participated in. The tour consisted of visiting the groundwater treatment facilities, Canyon Power Plant, substations, and the Downtown Water Recycling Plant. D. Lee added that this facilities tour is available to all Board members.

D. Lee shared pictures of the Beach Boulevard Sustainability Fair. The Fair featured test drives of five electric vehicles. There were 55 participants that test drove the vehicles and there were a total of 150 attendees. D. Lee explained how this type of event is a great way for residents to experience driving electric vehicles in a low pressure environment. D. Lee also shared that the educational non-

profit, Inside The Outdoors, was there and brought snakes and small animals, which allowed the kids in attendance to play with and really enjoy the experience.

D. Lee mentioned the Earth Day Tree Planting ceremony that took place at James Madison Elementary and hosted by the Anaheim Elementary School District. Third and fourth grade students who created an earth wall of sustainability with notes posted to show ways to be sustainable. The students also performed a song and played instruments at the event.

D. Lee mentioned that APU participated in the Anaheim Union High School Districts “STEAM-a-palooza” event which was also their open house. APU sponsored electric vehicle solar car kits for a race activity. The students were challenged to create a sustainable body for their vehicle using the kit provided. Both junior high and high school students took place in the race, and D. Lee congratulated Sycamore Jr. High students for being the winning team.

D. Lee mentioned that APU participated in a number of neighborhood meetings including at Water Street and Dickel Street as well as the Rose-Vine- Bush neighborhood. The neighborhood meetings are conducted with Community Services, Police and Code Enforcement. APU staff is available to discuss a variety of programs including the Dusk-to-Dawn and home efficiency programs.

15. ITEMS BY BOARD MEMBERS

A. Pham thanked APU for hosting two great events this past month and shared that he attended both the Beach Boulevard Sustainability Fair and the Water Poster Contest recognition event. A. Pham requested a presentation on the Sustainability Education Center and D. Lee responded that APU is still in the design phase and will have more information to share soon in the coming months.

Staff will provide a presentation on the Sustainability Education Center at a future PUB meeting.

N. Campos Kurtz shared that in regards to the Sustainability Education Center she knows a couple of Board Members were not part of the Board when this first was discussed so she is looking forward to more information about it.

V. Baroldi thanked staff for taking care of the matters raised by a concerned citizen regarding billing issues.

16. ADJOURNMENT: (NEXT REGULAR MEETING ON MAY 25, 2022 AT 5:00 P.M.)

N. Campos Kurtz moved to adjourn the Regular Meeting in Gordon Hoyt Conference Center at 7:36 p.m. to the Board’s Regular Meeting date of May 25, 2022 at 5:00

p.m. V. Baroldi seconded
the motion.
MOTION CARRIED: 5-0.
ABSTAINED: 0.
**ABSENT: 1. [R. Bhalla, M.
Lee].**

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.