

**DRAFT MINUTES OF THE REGULAR MEETING
CITY OF ALAMEDA PUBLIC UTILITIES BOARD MEETING**

March 15, 2021

1. ROLL CALL

President McCormick called the meeting to order at 6 p.m. On roll call, the following commissioners were present: President McCormick, Commissioner Serventi, Commissioner Gould, Commissioner Giuntini and City Manager Levitt.

2. ORAL COMMUNICATIONS – NON-AGENDA (Public Comment)

None.

3. SPECIAL PRESENTATION

None.

4. CONSENT CALENDAR

A. Minutes–Regular Meeting–February 23, 2021

B. Listing of Bills Paid–February 2021

C. Financial Report–January 2021

D. Treasurer’s Report for the Month Ending January 31, 2021

E. By Motion, Approve Amendment #3 to Professional Services Agreement PS 09-15-01 with Ecology Action to Extend the Term of the Contract to December 31, 2021

F. By Motion, Accept the Independent Audit of Alameda Municipal Power’s Financial Position for the Fiscal Years Ended June 30, 2020 and June 30, 2019, and its Associated Reports

With a motion from Commissioner Serventi and a second from Commissioner Giuntini, the Board unanimously approved the consent calendar.

5. AGENDA ITEMS

A. For Information Only, Summary of 10-Year Financial Pro Forma Analysis

In the context of rate increases, the pro forma is a model, not a plan, President McCormick said. Rates are evaluated carefully on a year-by-year basis, and assumptions may change, she said.

Commissioner Serventi noted that staff's presentation includes a proposed 2% rate increase. He asked whether staff analyzed other potential rate increases at other amounts, such as 0% or 1%.

General Manager Procos said that staff analyzed potential rate increases at 0% and 1%. AMP is focusing on the next fiscal year, he said, and circumstances can change.

Analyzing the numbers with 0% and 1% rate increases caused potential issues with the debt service coverage ratio, which cannot fall below 1.75 times AMP's total debt service, per the Board's adopted financial guidelines, General Manager Procos said.

Staff is still gathering additional information from the Northern California Power Agency (NCPA), he said.

General Manager Procos said his hope is for AMP to have no rate increase for the next fiscal year, even though a 2% increase was included in this preliminary representation.

President McCormick said that it was good that a 0% rate increase may be feasible during the COVID-19 recovery.

A 2% rate increase would not mean that each customer's bill would rise by that amount, President McCormick said. Rather, the model assumes that AMP's overall revenue through rates would increase by 2%. AMP's rates, under a 2% rate increase, could go into effect in a number of ways including: rate changes for commercial or municipal customers; rates that favor income-eligible customers; or rates that encourage electric consumption through beneficial electrification and electric vehicle ownership.

General Manager Procos said that an increase would be applied to AMP's overall revenue through rates, adding that it is possible there could be different rate changes to various customer classes. AMP follows cost-of-service principles, he said.

President McCormick said the Board has received various comments over the past year to encourage equity and electrification.

Commissioner Gould asked General Manager Procos questions about City of Alameda funding contributions toward the proposed Doolittle solar project. General Manager Procos confirmed that the City of Alameda would be contributing to the project.

Commissioner Gould said he did not agree with a plan for departments, such as Recreation and Parks, to use the renewable energy credits (RECs) funding source as part of the project.

City Manager Levitt said staff should be cognizant of the impact on both the debt service coverage ratio and future rates if AMP plans to move forward with no rate increases.

President McCormick said that the debt service coverage ratio will be a key point in budget discussions. There may be ways to help the customer classes that are struggling the most by raising revenue in other places, she said.

Commissioner Giuntini asked for clarification on the market price elevation.

General Manager Procos said that the staff presentation's reference to market price elevation is linked to NCPA's forecast of energy prices. AMP bases its revenues on sales into the market from our power plans, he said. AMP's mention of market price elevation speaks to NCPA's prediction that it will be a below-normal hydro year with potential revenues that are higher than normal. As a result, AMP is showing higher revenue projections as part of its budget.

Commissioner Serventi commented on AMP's assumptions for capital expenditures. He said that many of the capital projects are paid out of special funds, such as cap-and-trade funds or funds collected for moving overhead utility lines underground. He asked whether there was a way to create a capital budget independent of special funds.

General Manager Procos said AMP is increasing the draw from the cap-and-trade reserve this year. The amount of funding for capital projects that is sourced from rates will be smaller than in the past. He said Commissioner Serventi's points were worthy of a discussion.

The Board did not take a vote because the item was informational.

6. GENERAL MANAGER'S REPORT

A. General Manager's Report--February 2021

In his update, General Manager Procos told the Board about AMP's launch of a new residential panel upgrade rebate. He also noted that AMP is providing rebates to the City of Alameda's Public Works Department for its LED streetlight project.

7. COUNCIL COMMUNICATIONS

City Manager Levitt updated the Board on the approximately \$28 million in federal stimulus funding that will come to the City of Alameda. He also provided an update on the police and social justice committees.

8. BOARD COMMUNICATIONS

None.

9. ORAL COMMUNICATIONS – NON-AGENDA (PUBLIC COMMENT)

None.

10. ADJOURNMENT

President McCormick adjourned the meeting at 6:45 p.m.