

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

April 17, 2023

1. ROLL CALL

President Serventi called the meeting to order at 6:15 p.m. On roll call, the following commissioners were present: President Serventi, Commissioner McKenna, Commissioner Giuntini, Commissioner Hunter. City Manager Ott was absent.

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

Alameda resident Nancy Shemick said that she serves on a homeowners' association (HOA) committee in Marina Village, where she has seen homeowner applications to upgrade appliances, including electric vehicle (EV) chargers. Many of the homeowners have requested moving from an existing 100-amp panel to a 200-amp panel. She said she anticipates these requests will increase along with electrification. She asked for guidance or information on what kind of impact those homes changing over to a 200-amp panel would have, not only for her HOA, but all of the others in Alameda. She wanted to know how best to interface with AMP on upgrades to infrastructure to support a greater load. She asked if there would be differentiation between individual homeowners versus HOAs making those panel upgrades and expressed her desire that it be kept equitable.

Alameda resident Tom Duncan, also from the Marina Village HOA, added to the comments made by Ms. Shemick. He noted that new energy regulations have prompted the HOA to evaluate the infrastructure within Marina Village. He said that potentially about 38 meter banks with individual meters for 178 people will need to be replaced. He echoed the wish to start a dialogue with AMP to meet the needs of the homeowners as well as the expectation that the HOA understands the big picture. He said that he appreciates any help AMP can provide.

3. SPECIAL PRESENTATION

None

4. CONSENT CALENDAR

A. Minutes of the March 20, 2023, Regular Meeting of the City of Alameda Public Utilities Board

B. Listing of Bills Paid – March 2023

C. Financial Report – February 2023

D. Treasurer's Report for the Month Ending February 28, 2023

- E. By Motion, Authorize the General Manager to Purchase Palo Alto Networks Firewalls for a Total Cost Not To Exceed \$34,564.30
- F. By Motion, Approve the Informal Bid Contract with AVIII Inc. for Fiber Splicing in an Amount Not to Exceed \$28,000
- G. By Motion, Requiring Four-Fifths Vote, Approve a Sole Source Contract with Southwire/Novinium for Cable Rejuvenation Services in an Amount Not to Exceed \$184,675.63
- H. By Motion, Delegate Authority for the General Manager to Sign a Non-Binding Letter of Intent, in Substantial Form, with Ameresco for the Purchase of Additional Electricity from a Possible Expansion at Ameresco's Ox Mountain Landfill Power Plant

Following a motion from Commissioner Giuntini and a second from Commissioner McKenna, the Board unanimously approved the consent calendar. President Serventi abstained from Item 4A.

5. AGENDA ITEMS

- A. For Information Only, Financial Policy Discussion, Masterson Advisors, LLC

Following a presentation by Masterson Advisors, LLC, Managing Director Steven Kantor, President Serventi asked for Mr. Kantor's opinion about AMP's 1.75 debt coverage ratio and 145 days of operating cost requirements. Mr. Kantor said that generally, in terms of both debt coverage and operating days coverage, higher numbers are better. Without any other circumstances to take into consideration, the recommendation would be to make the numbers higher. However, a very high number will not necessarily affect the rating because of other externalities. Even with five times the coverage, it wouldn't affect AMP's rating because of other factors within California and rating agencies' analysis. He said that 1.75 is a reasonable number to start with in terms of planning and that 145 days is good and he would not recommend going much lower.

Commissioner Hunter asked if, between the two different methods of calculating debt coverage ratio, there is one that more closely matches how AMP calculates the number, as she noticed one calculation is above and one is below the 1.75 number. Mr. Kantor noted that the two methods of calculation are both looking for the same result, which is how healthy AMP is in terms of revenue versus fixed obligations. They result in different calculations, but neither is right or wrong, and 1.75 is still a reasonable number to choose. General Manager Procos said that the way AMP calculates the debt service coverage is prescribed by the bond document. Mr. Kantor added that the number is a promise to the bondholder, and the rating agencies then evaluate that in their own way to come up with their own numbers.

B. By Resolution, Approve a One-Time Waiver to the 5 Percent Rate Increase Limitation in the Ratemaking Policy and Approve Alameda Municipal Power Rate Schedules and Riders for Fiscal Year 2024 for a System Average Increase of 7 Percent

Following a presentation by Supervisor of Energy Resources Alan Harbottle, President Serventi asked if the proposed rate increase was included in the graph showing proposed revenue compared to cost service allocation. Mr. Harbottle confirmed that the graph did include the proposed variations in rate increases. Commissioner Hunter asked if AMP is under collecting. Mr. Harbottle said that across all classes, AMP is under collecting. Breaking it down by rate class shows the relative proportions, and what classes were under collecting more than others to allow for correction. General Manager Procos added that smart meters provided more granular data to use in the recent cost service study, which is why there is a discrepancy in the collections. While it will take time, the rates for each class will be moving closer each year to the actual cost of service allocation.

Commissioner Giuntini asked how the 7 percent rate increase average was calculated, and if it was a weighted average, as most customers are on the D1 rate. Mr. Harbottle said the rate model has a full breakdown of customers in each class and that it is a weighted average.

President Serventi asked how many of the D1B customers are solar customers. Supervisor of Customer Resources Heather Heinbaugh said she would look up the number and get back to him.

Commissioner Hunter said that one of her main interests is exploring whether the EV Time of Use (TOU) rate could be cost effective for customers investing in electrification technologies in general, including heat pump water heaters, heat pump space heaters, battery storage, and solar. Customers who switch from gas appliances will see their usage go up. She wondered if the rate changes would make the EV-TOU rate more appealing to potentially lower usage customers. Mr. Harbottle said his group had looked into it. He said there was a small impact, and it depends on what a customer's shifting capability is. The number at which a customer would break even is now 10 to 20 kilowatt hours lower for D1B customers. In general, for D1H customers a much higher usage is needed to break even because the baseline allowances are much higher. The requirement to be on the D1H rate is permanent electric space heat. General Manager Procos said that currently, customers who electrify can switch to the all-electric rate so the increased electric use would be accounted for to some degree.

Commissioner Hunter said that if AMP were to open up the EV-TOU rate to other electrification customers, there could be an interesting choice that customers have of whether they move from D1B to D1H or to EV-TOU. General Manager Procos noted that it does get a little complicated with all of the calculations that go into a TOU rate. As opposed to blending that into the rates discussion with the 7 percent increase already causing some discomfort, it felt best to separate the TOU topic and bring it

back to the Board later, when there can also be a discussion about whether switching to the all-electric rate is an incentive in and of itself, or if the EV-TOU rate would need to be expanded.

Commissioner Hunter said that she is all for customer options and thinks it could be a wise move to give customers the option to move to all-electric or EV-TOU depending on which technologies they invest in and whether or not they feel like they can actually shift their load, or if they'd rather go on the all-electric baseline.

Commissioner McKenna said that in looking at a new kind of TOU rate, AMP would need to completely reformulate what that rate would look like outside of EV charging, which is unique in being very easy to load shift. General Manager Procos agreed and noted that was part of the thought process in wanting to make the TOU rate conversation a stand-alone item.

President Serventi asked for details of what the customer charge entails. Mr. Harbottle said it is primarily metering, customer service, and some billing support. Those costs are fixed in nature. There are other fixed costs, such as on the commercial side which uses a demand charge. The customer charge is a way to capture those fixed costs on the residential side.

President Serventi mentioned that in the previous meeting, the Board discussed the transfers that AMP makes to the City, and that the transfer is essentially a fixed charge. He said that should be in the bill under fixed charges to show the breakdown of cost. General Manager Procos said that staff can look into that, but noted that it is important not to make too many dramatic changes in the rates as many customers already struggle to understand their bills.

Following a motion from Commissioner Giuntini and a second from Commissioner Hunter, the Board unanimously approved the item.

6. GENERAL MANAGER'S REPORT

General Manager Procos thanked Mr. Harbottle and his group for all their work on the rates. He also thanked Assistant General Manager Orbeta and his team and everybody else in the AMP organization who worked on the budget.

Commissioner McKenna asked if the permits for the EV chargers in the AMP parking lot had gone through. General Manager Procos said there was a site meeting last week between the City permit staff and the subcontractor. There were some challenges that arose with the general permitting process. He is cautiously optimistic that the permits will go through soon.

7. CITY COUNCIL COMMUNICATIONS

None.

8. BOARD COMMUNICATIONS

None.

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

None.

10. ADJOURNMENT

President Serventi adjourned the meeting at 7:22 p.m.