



UTILITIES ADVISORY COMMISSION MEETING MINUTES OF DECEMBER 4, 2019 REGULAR MEETING

CALL TO ORDER

Chair Danaher called the meeting of the Utilities Advisory Commission (UAC) to order at 7:00 p.m.

Present: Chair Danaher, Vice Chair Forssell, Commissioners Jackson, Johnston, Segal, and Smith
Absent: Commissioner Scharff

Dean Batchelor, Utilities Director, shared information regarding the death of City of Palo Alto Utilities (CPAU) employee Donatus Okhomina and City activities to honor Mr. Okhomina. The UAC observed a moment of silence in memory of Mr. Okhomina.

ORAL COMMUNICATIONS

None.

APPROVAL OF THE MINUTES

Commissioner Segal moved to approve the minutes of the October 2, 2019 meeting as presented. Commissioner Jackson seconded the motion. The motion carried 6-0 with Chair Danaher, Vice Chair Forssell and Commissioners Jackson, Johnston, Segal, and Smith voting yes, and Commissioner Scharff absent.

AGENDA REVIEW AND REVISIONS

None.

REPORTS FROM COMMISSIONER MEETINGS/EVENTS

Commissioner Jackson reported he toured the Regional Water Quality Control Plant on October 5 and attended the Bay Area Electrification Expo on October 10. After obtaining an energy assessment of his home and a home electrification readiness report, he began researching his home energy use and found the data for electricity usage was not computer readable. He hoped MyCPAU or future updates to MyCPAU would include legible data for detailed electricity usage. He suggested staff include photos or brochures of all types of induction cooktops at demonstrations of the cooktop as a way to motivate homeowners to purchase them. Staff also may want to speak with businesses that offer cooking classes about utilizing induction cooktops in the classes. He suggested staff distribute definitions of significant terms and concepts, such as smart grid and micro grid, at future workshops. At future workshops, a facilitator should be partnered with a person who has deep technical knowledge. At the November 4 Council meeting, he and other members of the community encouraged the Council to require all-electric new construction immediately, which the Council did.

Chair Danaher advised that at the time of the October meeting, he was meeting with European utilities regarding drive electrification and electric charging networks. The utilities expressed interest in vehicle-to-home or vehicle-to-grid distributed energy.

GENERAL MANAGER OF UTILITIES REPORT

Dean Batchelor, Utilities Director, delivered the General Manager's Report.

Media Coverage of Utility Rate Increases – Commissioners have likely read or heard about recent media attention surrounding our preliminary utility rate changes for next fiscal year. The local papers have highlighted the surplus revenues some of the utility funds generated this past year and have been trying to incorrectly suggest that these surplus funds were transferred to the General Fund rather than used to reduce rate increases. Staff are working to correct any inaccurate information reported in the press and clear up the confusion. We wanted to address this with the Commission so you aware that we are taking action to clarify misrepresentation of how the City and Utilities generates and allocates funds across business activities. A few key points:

- Recent surpluses in the utility funds were one-time, unexpected windfalls related to unusually good hydroelectric conditions and some capital projects that were delayed;
- These one-time surpluses are being used to replenish utility contingency funds including Operating, Capital, and Hydroelectric Stabilization reserves, that were either below or near their minimum recommended and guideline levels (for example, due to previous year droughts);
- None of the surpluses were transferred to the General Fund. No unusual or extraordinary transfers were made to the General Fund;
- Any surpluses related to capital project spending will be held in reserve for future capital spending;
- Because these were one-time surpluses, they cannot be used to reduce long-term rates – the utility's ongoing costs have not decreased and are expected to rise in coming years;
- The intention behind rate stabilization funds and reserves is to prevent wide fluctuations and large increases in rates year over year;
- The preliminary rate increases proposed for FY 2021 are currently lower than what we projected last year, and in some cases, an increase may not be necessary for specific utility funds. We are still evaluating these options based on the health of each fund.

Water Reuse Partnership Agreement - On November 18, City Council approved a partnership agreement with the City of Mountain View and Valley Water to advance water reuse in Santa Clara County. The agreement provides funding for a small salt removal plant to improve the quality of existing recycled water used in Palo Alto and Mountain View and enable expanded use of that resource. The agreement will also help Palo Alto meet its sustainability goals by expanding water reuse regionally, keeping more treated wastewater out of the San Francisco Bay. The partnership agreement, scheduled for approval by the Valley Water Board of Directors on December 10, is a first step towards more water sustainability work between Palo Alto, Mountain View, and Valley Water. Staff are coordinating a joint press event around 1 pm on December 10 at the Valley Water headquarters. Please join us if available to celebrate this unique long-term agreement!

Gas Safety Awareness Phone Surveys - Over the next couple of weeks, CPAU will be participating in the federally mandated Gas Overall Awareness Level, or GOAL, survey, which is a nationwide program to assess public awareness about gas safety. Residents will receive an automated phone call with a request to take a few minutes to answer some questions. The goal is to ensure that people have adequate information about gas safety protocols, such as Call Before You Dig, to help us prevent gas emergencies. Palo Alto Utilities customers and non-customers, including emergency responders, public officials, and excavators in the area will be selected randomly for polling through this survey. We thank you in advance for helping us meet our "GOAL" for safety awareness by responding to the survey if you receive the call.

Coming Soon! The MyCPAU New Online Customer Site - CPAU's new online utility customer site, MyCPAU, will go live in early 2020. This improved utility account management system offers a fast and secure way to pay your bill online and set up automatic or recurring payments. MyCPAU will allow customers to view monthly utility usage, identify opportunities to lower bills, set notification preferences and alerts, and receive direct digital support from our Customer Service staff. We are excited to roll out this newly improved online

service for all our utility customers sometime in the New Year. Stay tuned for your introductory registration email.

SunShares Program Update - As of November 22, Palo Alto was the number one outreach partner in the Bay Area SunShares program, with ten contracts signed for rooftop solar installations. The last day for customers to sign a contract is December 31. Various rebates and discounts on electric vehicles are still available to Bay Area residents through programs with the American Public Power Association and Drive Clean Bay Area. Find more information at cityofpaloalto.org/EV.

All-Electric Reach Code - On December 2, City Council approved an all-electric mandate for low-rise residential new construction projects, effective beginning April 2020. The all-electric mandate was a proposed motion from the November 4 City Council meeting, when staff proposed a local building reach code that would incentivize all-electric new construction projects by requiring additional energy efficiency and electrification readiness for mixed-fuel projects. The staff proposal also would establish an all-electric mandate by 2022. Requiring all-electric new construction of labs and life science buildings is challenging in the near term due to technology and energy modeling challenges. During the November 4th hearing, 22 members of the public provide comments, with 21 speakers advocating an immediate mandate for all-electric new construction projects, and one opposed to such a mandate. In addition to the all-electric mandate for residential new construction projects, Council also adopted the following motions at the November 4th meeting: (i) return with a subsequent ordinance in 2020 to require all-electric service for new construction projects, including accessory dwelling units; (ii) engage the UAC to explore scalable, cost-effective rebates for retrofitting existing homes to promote more electric utility service. Staff plans to present future customer rebates and outreach activities targeting existing homes, along with funding sources, to the UAC in the first quarter of 2020.

Events and Workshops

- On Saturday, November 23, over 100 residents attended a plant pruning and propagation workshop. Survey results demonstrated very positive feedback.
- This Saturday, December 7, we will host a rainwater harvesting workshop. This class will teach attendees how to capture rainwater on their property with rain gardens, rain barrels, and cisterns to help conserve water and reduce runoff volume.

In response to Commissioner Johnston's queries regarding the fiber Request for Proposals (RFP) and follow-up actions for the Resilience Workshop, Batchelor reported the fiber team is reviewing proposals from four vendors. Interviews will likely be scheduled in January. If the UAC is interested, a workshop should be scheduled every year. Staff will prepare and share a report of the Resilience Workshop. Catherine Elvert, Communications Manager, advised that the RFP was sent to Commissioners in a media update.

In reply to Commissioner Jackson's inquiry about the number of structures that would be affected by a requirement for electrification during significant remodel projects, Batchelor indicated staff had not determined a definition of significant remodel. The number of structures affected by an electrification requirement would depend on the definition.

Vice Chair Forssell requested the raw data from the feedback form completed at the workshop, if available. In answer to her question about beta testing MyCPAU, Batchelor related that beta testing would begin in January.

Commissioner Segal requested a report of information from the electrification survey.

COMMISSIONER COMMENTS

None.

UNFINISHED BUSINESS

ITEM 1: DISCUSSION: Utilities Strategic Plan Update.

Dave Yuan, Strategic Business Manager, reported staff has created a workgroup for each Strategic Plan priority. The groups meet regularly and append or amend the Strategic Plan as needed. CPAU employees receive newsletters quarterly or semiannually and opportunities to provide feedback and volunteer for specific tasks. Each employee has an individual development plan. Staff is exploring opportunities to provide group-wide or department-wide training. The recent SEIU contract includes significant pay increases for critical positions. The City now offers paid paternity leave. CPAU is piloting telecommute schedules and participating in job fairs and will conduct an employee satisfaction survey. The Human Resources (HR) Department has dedicated an employee to CPAU recruitment. Since February 2019, the number of vacancies has decreased by 27 percent. As of December 3, 29 positions are vacant. In the past 12 months, 44 employees have been hired or promoted. Thirty-nine employees are eligible for retirement, but less than a handful have submitted retirement notices.

In reply to Vice Chair Forssell's inquiries about paternity leave, Jonathan Abendschein, Assistant Director of Resource Management, advised that State mandates do not apply to municipal employees. The terms of maternity and paternity leave may be the same. Yuan added that employees are paid for maternity and paternity leave.

Yuan continued his presentation, stating staff has conducted customer awareness and interest surveys, which revealed that customers are interested in electric vehicles (EV), photovoltaics (PV), and smart appliances but less interested in home energy storage and heat pump water heaters because of their high cost. CPAU staff participated in development of the Energy Reach Code. CPAU values and priorities are showcased through posters and photos and useful giveaways. Staff has hosted EV ride and drive events, EV workshops, and the Municipal Services Center open house and co-hosted with HP a ribbon-cutting ceremony for the largest solar project in Palo Alto.

In response to Commissioner Johnston's query regarding progress on key performance indicators (KPI), Yuan related that staff has not collected sufficient data to report on KPIs.

In answer to Commissioner Jackson's comment regarding the KPI statement in the memorandum, Yuan indicated he would gather KPI data and send it to the UAC. Catherine Elvert, Communications Manager, added that staff assesses the KPI for collaboration periodically and agreed to provide information to the UAC.

Yuan further reported staff has developed a seven-year roadmap of key critical technology systems. The second phase of the Automatic Metering Infrastructure (AMI) project is underway. Staff will issue an RFP in February or March for three critical systems. Vice Chair Forssell will be included in the beta test of MyCPAU; however, all Commissioners are requested to provide feedback.

In response to Commissioner Smith's query regarding 90 percent of field support staff utilizing paperless tools by December 2019, Yuan advised that staff would not meet the KPI.

In answer to Commissioner Segal's question of whether CIS and GIS system projects are on schedule, Yuan indicated the CIS project has been delayed slightly, the GIS project is underway. Commissioner Segal felt the schedule for the AMI project is aggressive. Yuan explained that AMI could be deployed by 2022 with completion anticipated in 2023.

Yuan continued the presentation, indicated staff is preparing new reports to prioritize infrastructure needs and to enhance communications for budget requests and rate adjustments. Staff has created a Capital Improvement Program (CIP) Reserve Fund so that funding for CIP projects that are deferred does not return to the Rate Stabilization Reserve Fund.

ACTION: None

NEW BUSINESS

ITEM 2: DISCUSSION: Discussion of Utility Pole Attachment Agreements and Operations.

Jim Bujtor, Utilities Engineering, reported the City and AT&T jointly own and maintain the majority of utility poles in Palo Alto under a Joint Pole Agreement dated 1918. There are slightly less than 6,000 poles Citywide, and the City individually owns 600 of them. AT&T purchases space for its facilities in the communication zone, which is roughly the middle of the pole. The City owns the safety clearance zone and the power zone, which are located at the top of the pole. The City jointly owns with PG&E 100 poles in the Foothills area. Some poles are not tall enough for new attachments. The average pole age is around 40-50 years. Poles located in backyard easements are usually shorter. The City abides by the overhead line construction regulations contained in General Order 95. CPAU replaces approximately 100 poles per year, using poles that are 5 feet taller when possible. The parties that benefit from pole replacement share proportionately in the cost of replacement, based on the share of the pole owned. Inspection and maintenance costs are shared proportionately as well.

In answer to Vice Chair Forssell's inquiry regarding calculation of the proportionate share, Bujtor explained that the calculation is based on the footage owned.

Jim Fleming, Senior Management Analyst, advised that commercial wireless carriers use City-controlled spaces on utility poles primarily for the attachment of wireless communication facilities (WCF). In 2010, the City Attorney's Office developed a Master License Agreement (MLA) for use of City-controlled space on utility poles, streetlight poles, and in conduit. The Council approved the MLA template in 2011. Six companies have executed an MLA, and three of those companies are in various stages of processing applications to install facilities. In 2011, Utility Rate Schedule E-16 was amended to include an annual license fee for mounting communications equipment on poles. The license fee is \$270 per pole per year in addition to energy use charges. Fleming summarized the key terms and provisions of the MLA. In September 2018, the Federal Communications Commission (FCC) issued an Order and additional regulations that govern local review of applications for WCF. The FCC order declared permit fees, rights-of-way use, application fees and attachment fees unlawful unless they are strictly cost-based and no higher than fees charged to similarly situated competitors. The FCC Order defined a new subset of WCF called small wireless facilities, and the City must act on applications for small wireless facilities within 60 days; and determined local aesthetic regulations are preempted unless they are reasonable, nondiscriminatory, and published in advance. On April 15, 2019, the Council defined objective design standards for small cell installations. Municipalities have challenged the FCC Order in federal court, and a decision is anticipated in 2020.

In answer to Commissioner Johnston's inquiry regarding limits on the number of attachments that can be or have to be approved, Fleming advised that there is no limit. The City can dictate the time, place, and manner of where facilities are located.

In reply to Commissioner Smith's question about the anticipated number of facilities, Fleming related that there could be 120 sites, with the majority being owned by Verizon Wireless.

In response to Commissioner Jackson's query regarding carriers' use of City conduits and carriers installing a second conduit for City use, Fleming advised that carriers may use City conduit if space is available. Conduit is included in the MLA, and the carriers have to pay a license fee. Most of the time, carriers do not want to use City conduit. The City does not have a "dig once" policy; therefore, carriers do not have to install conduit for City use when they are installing conduit for their own projects.

In answer to Commissioner Segal's question about staff planning for fiber to the home when installing new utility poles, Bujtor clarified that the backbone fiber system is in place, but fiber to the home may use a different system. The length of the pole determines whether there will be space for additional facilities on the pole. Dave Yuan, Strategic Business Manager, added that new poles are usually 5 feet longer than the

existing poles. In response to Commissioner Segal's question about pole attachments in underground districts, Fleming explained that an empty communication conduit is installed in new underground districts.

In response to Vice Chair Forssell's query regarding use of the 2 feet of the communication zone not owned by AT&T, Fleming stated a third party can buy the space for attachments. In addition, AT&T can license a portion of its 3 feet to other vendors. Based on the length of the pole, the communication zone may not be 5 feet in length.

In reply to Chair Danaher's inquiry about a potential shortage of pole space or conduit with implementation of 5G technology, Fleming indicated 5G facilities probably will not be installed on all poles. Dean Batchelor, Utilities Director, noted a large number of poles will have to be replaced if fiber to the home is implemented. Fleming added that most of the City fiber is attached to the pole in the safety zone. If a carrier wants to build a new network across the City, the carrier and staff will evaluate each pole to determine whether it can accommodate new attachments.

In answer to Commissioner Segal's question about installing fiber facilities in the safety zone, Fleming related that the City controls the safety zone and does not have to work with AT&T to install facilities in the safety zone.

ACTION: None

ITEM 3: DISCUSSION: Discussion of Preliminary Rate Change Projections for the Electric, Gas, Water and Wastewater Collection Utilities for Fiscal Year 2021.

Eric Keniston, Senior Resource Planner, reported a wastewater cost of service study is underway and should be complete in time for staff to utilize it in calculating new wastewater rates to meet the expected July 1st date for new rates. Fiscal Year (FY) 2021 preliminary rate projections are a 3% increase for the Electric Utility, a 5% increase for the Gas Utility, a 6% increase for the Wastewater Utility, a 0% increase for the Water Utility, and a 0% increase for Refuse. In water, gas, and wastewater collection, staff is planning to stagger main replacement projects but to allocate funds periodically to the CIP Reserve so that the CIP Reserve reflects project expenditures and fluctuations caused by main replacement projects occurring every other year. Beginning this year in the Water Fund, there will be a level amount of funding going to the CIP Reserve to begin establishing this process.

In response to Commissioner Smith's request for cost containment measures provided in the agreement with Valley Water, Jonathan Abendschein, Assistant Director of Resource Management, explained that Valley Water's \$16 million payment will fund construction of the reverse osmosis facility. If there was no \$16 million payment, sewer and water ratepayers would have to fund the construction. The cost containment measure is ratepayers not having to fund construction of the plant. In reply to Commissioner Smith's question of whether the listed cost containment measures apply to the rate projections, Abendschein indicated most of them do. Almost any of the cost containment measures directly reduce the cost associated with the individual utility.

Keniston continued the presentation, stating Electric Utility Operations Reserves are projected to fall within the guideline ranges. FY 2019 was a good year for hydroelectric power, and CPAU was able to sell its surplus energy, which reduced purchase costs.

In answer to Commissioner Johnston's inquiry about disposition of surplus funds, Keniston advised that initially surplus funds are deposited into the Operations Reserve and then transferred to the other Reserve Funds. Staff proposes to repay the \$10 million loan from the Special Projects Reserve and increase the Hydroelectric Stabilization Reserve Fund to the target level.

Keniston further reported 40% of electric costs are related to distribution and 60% to supply. Transmission costs continue to grow rapidly because of the cost to expand the statewide system. Generation costs should remain stable.

In reply to Vice Chair Forssell's inquiry regarding increased costs from renewable projects coming online, Abendschein indicated newer contracts for renewable projects are generating some savings. Between 2009 and 2015, many renewable projects were not online, and CPAU benefited from low gas prices. As CPAU increased its renewable contracts, it was no longer exposed to low gas prices, which raised the cost of the electric supply.

In response to Commissioner Johnston's noted between FY 2021 and 2022 revenues decrease even though rates increase. Keniston stated revenue includes hydroelectric revenues, Renewable Energy Certificate (REC) sales, and other projected revenues. Staff anticipates REC sales will decrease in FY 2022 and less hydroelectric revenue; revenue will be more normalized by FY 2022. Abendschein clarified that FY 2019 and FY 2020 revenues exceed costs because of the sale of surplus hydroelectric. Staff has questions about the FY 2021 forecast from the Western Area Power Administration. Chair Danaher added that CPAU will not have surplus hydroelectric power to sell, which will decrease revenue.

Keniston continued the presentation by listing the distribution cost drivers of medical and retirement benefits, capital investment, and underground construction. Staff projects a 3% rate increase in FY 2021 and 4-5% rate increase thereafter. The main drivers of the rate increase are increased supply costs, increased operations costs, increased CIP expenses, increased non-retail revenues, and decreased sales. Also, without the additional hydroelectric revenues a larger rate increase would have been needed. The Electric Supply Operations and Distribution Operations Reserves are above target levels and projected to remain above target levels.

In response to Commissioner Segal's query about the rationale for a rate increase if reserve funds are healthy and revenues exceed costs, Keniston explained that without a rate increase, the balances will begin to fall below the minimum reserve level. Abendschein added that a one-time surplus can be used to defer rate increases for a year or two, but a rate increase will be needed eventually. By deferring rate increases, the reserves decrease such that few funds are available for adverse situations, and greater rate increases are needed.

Keniston further reported staff projects a 5% rate increase for the Gas Utility in FY 2021 due to decreases in distribution and increases in CIP cost projections.

In answer to Vice Chair Forssell's inquiry about the impact of reach codes on gas sales, Abendschein indicated all-electric construction would affect 100-150 projects.

Keniston continued his presentation, advising that 50% of overall gas costs are related to distribution. Abendschein clarified that the main driver for rate increases over the next five years is investment in the gas distribution system. Of the 5% rate increase, 3.7% is related to CIP expenses and 1.3% is related to operations and maintenance (O&M) expenses. Staff has transferred funds from the Rate Stabilization Reserve Fund to the Gas Operations Reserve Fund. Projected rate increases will slowly increase the Reserve Fund to the target level.

Lisa Bilir, Acting Senior Resource Planner, reported staff projects a 6% rate increase in FY 2021 for the Wastewater Collection Utility because of increases in treatment and collection costs. The largest expense increase is CIP projects. Wastewater costs are divided 50% for treatment and 50% for collection. 2.4% of the 6% rate increase is related to treatment expenses, 1.2% to O&M expenses, and 2.4% to an existing revenue shortfall. The Wastewater Operations Reserve is projected to remain within target levels.

In reply to Commissioner Johnston's question about partner agencies utilizing Palo Alto pipelines for wastewater, Keniston indicated Los Altos Hills utilizes Palo Alto's collection system starting in the foothills, and Stanford University enters the collection system along Embarcadero Road.

Bilir further reported staff's projection for a 0% rate increase for the Water Utility. The Operations Reserve Fund is currently above the maximum guideline but should fall to the target level by the end of FY 2021.

In answer to Vice Chair Forssell's query regarding the cause of the reserve being above target level, Bilir explained that the chart shows the Operations Reserve but does not show the balances of all the reserves. When the Operations Reserve reaches the maximum guideline level, the additional funds above that level are reflected in the unassigned reserve, which can be seen in the stacked bar chart.

Chair Danaher remarked that CPAU cannot change gas commodity prices or PG&E's transmission costs. The only thing CPAU can do is defer or accelerate construction projects or manipulate reserve fund balances to fall within target levels.

In response to Commissioner Segal's inquiry about gas billing and cost fluctuations, Keniston advised that the policy is to reflect the bid week price plus any expected loss or shrink. Reserve funds should absorb the extra cost. Collecting the extra cost the following month would not be appropriate.

In reply to Vice Chair Forssell's question of customer backlash in response to the gas bill increases, Catherine Elvert, Communications Manager, did not recall any customer comment.

Commissioner Johnston remarked that explaining the rate increases in light of projected revenues exceeding projected costs could be a challenge. Abendschein indicated the challenge would be explaining wastewater and gas rate increases because of the plan to alternate years of CIP projects.

Chair Danaher commended staff for maintaining fund balances within target levels and averaging rate increases over time.

In answer to Vice Chair Forssell's question about the cost of service study, Bilir reported a consultant is conducting the study.

ACTION: None

ITEM 4: ACTION: Staff Recommendation that the Utilities Advisory Commission Accept a Staff Presentation on 2019 and 2020 State Legislation and Recommend that the City Council Adopt the 2020 Utilities Legislative Guidelines.

Heather Dauler, Senior Resource Planner, reported no landmark or impactful bills were proposed in 2019. Assembly Bill (AB) 1054 created a new Wildfire Safety Advisory Board and required publicly owned utilities (POU) to provide the Board with a copy of their Wildfire Mitigation Plans. The Board may offer comments and an advisory opinion on the Plans but cannot require modifications of the Plans. A Senate bill created a new Wildfire Forecast Center, which becomes effective January 1. The Center will collect, assess, analyze, and share fire weather data. A representative of POUs will participate in the Center. PFAS is a group of human-made chemicals that have been synthesized for heat, water, and lipid resistance. A bill expanded the Water Board's authority to mandate that water systems test for PFAS; however, the bill does not mandate testing. Bills that did not pass in 2019, the first year of the two-year legislative cycle, will be carried forward to 2020. A bill would authorize an existing state entity to procure energy on behalf of independently owned utilities (IOU) and community choice aggregation (CCA) in order to fill gaps in procurement. As originally written, the bill included POUs, but that language was deleted from the bill. An Assembly bill would create an enforceable 80% clean energy standard and would make hydroelectric power eligible for Renewable Portfolio Standard (RPS) in 2030. A Senate bill would require the California Independent System Operator (CAISO) by 2022 to complete a competitive solicitation for the procurement of pumped hydroelectric and allow cost recovery

from all ratepayers in the CAISO grid. The bill did not define ratepayers in the CAISO grid. An analysis noted the bill would cost ratepayers billions of dollars. A consumer privacy bill would authorize but not require government agencies to disclose the name, utility usage data, and home address of utility customers to another government agency when the disclosure is used for scientific research or educational purposes and when the receiving entity guarantees confidentiality. In 2020, staff anticipates legislation about wildfires, Public Safety Power Shutoff events, grid hardening, energy storage, distributed energy resources (DER), micro grids, procurement, decarbonization, transportation electrification. The Guidelines provide direction for Staff to advocate on behalf of the City without first obtaining Council approval. Staff proposes to revise the existing Guidelines by adding more information to the advocacy methods and to add the final item.

In response to Commissioner Jackson's inquiry about staff reporting to the UAC, Dauler advised that staff provides a quarterly information item about the status of bills.

Commissioner Segal suggested revising Number 10 to consider cost but not require cost effectiveness. Dauler explained that cost effective reductions to an IOU may not be cost effective to a POU. The existing language allows staff to support the intent of a bill while seeking modifications to it.

In reply to Vice Chair Forssell's question about staff's position on the bill about pumped hydroelectric, Dauler could not recall staff's exact position. At the time, staff did not know whether mandating CAISO to do this was the appropriate action or whether costs would be passed onto CPAU.

ACTION: Commissioner Johnston moved to approve staff's recommendation regarding the Legislative Guidelines. Commissioner Jackson seconded the motion. The motion carried 6-0 with Chair Danaher, Vice Chair Forssell and Commissioners Jackson, Johnston, Segal, and Smith voting yes, and Commissioner Scharff absent.

ITEM 5: ACTION: Appointment of Commissioners to an Ad Hoc Budget Committee for FY 2021.

Chair Danaher advised that Commissioners Jackson and Smith have agreed to serve on the committee. Other Commissioners are welcome to participate in the committee.

Dean Batchelor, Utilities Director, added that Vice Chair Forssell has volunteered to serve on the committee.

ACTION: None

ITEM 6: ACTION: Selection of Potential Topic(s) for Discussion at Future UAC Meeting.

Chair Danaher requested agenda items for a report on the Resilience Workshop and staff's evaluation of responses to the fiber RFP. Dean Batchelor, Utilities Director, indicated February would be the appropriate time for an item about the RFP responses because interviews would not be complete before the January meeting. Commissioner Smith felt sharing the initial results of staff's review with the UAC in January could be helpful to staff. Batchelor advised that he would prepare an informational report for the UAC. Chair Danaher noted that Commissioner Jackson has expressed interest in reviewing the RFP responses. Commissioner Smith agreed that he also would like to review them.

Commissioner Segal requested an update regarding the second transmission line. Batchelor reported Stanford University is negotiating with SLAC regarding the transmission line. Personally, he preferred to notify Stanford University that CPAU would pursue a partnership with another entity.

Vice Chair Forssell suggested the discussion of the Resilience Workshop include probability of occurring and impact.

Commissioner Smith reiterated the need for a discussion of selling surplus renewable energy. Vice Chair Forssell noted the topic would be part of the February discussion of RPS Compliance Strategy.

ACTION: None

NEXT SCHEDULED MEETING: January 8, 2020

Meeting adjourned at 9:38 p.m.

Respectfully Submitted
Tabatha Boatwright
City of Palo Alto Utilities