

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**April 24, 2024**

The agenda having been posted on Wednesday, April 17, 2024, 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 24, 2024, in the Gordon Hoyt Conference Center, 2<sup>nd</sup> floor, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

**Board Members Present:** Chairperson J. Seymour, Vice-Chairperson A. Abdulrahman, M. Lee, A. Pham, T. Bilezikjian, T. Ibrahim, A. McMenamain

**Board Members Absent:** None

**City Staff Present:** D. Lee, P. Starr, J. Lonneker, J. Lehman, C. Parker, M. Avelino-Walker, T. Castaneda, A. Lee, T. Chen, A. Nguyen, Y. Saldivar, C. Pereyra, K. Meland, M. Seifen, F. Nocella, C. Nelson, G. Zaragoza, I. Oseguera, B. Mendoza, A. De La Paz

**Guest(s) Present:** Susan Nocella, Frank Nocella Jr., Lizeth Luciano

**AGENDA ITEM**

**ACTION TAKEN**

**1. PUBLIC COMMENTS.**

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

**2. APPROVE THE MINUTES OF THE REGULAR MEETING OF MARCH 27, 2024. \***

T. Ibrahim moved the Approval of the Minutes of the Regular Meeting of March 27, 2024.

A. McMenamain seconded the motion.

**MOTION CARRIED: 7-0.**

**ABSTAINED: 0.**

**ABSENT: 0.**

**3. RECOGNITION: TREEPOWER PROGRAM.**

T. Castaneda, Community and Sustainability Programs Manager, recognized the valuable contributions of the Tree Power Program and its dedicated staff members. T. Castaneda shared the program's history, stating that it was initiated 32 years ago through a collaboration between Anaheim Public Utilities (APU) and the Community Services Department, with the goal to provide residents, schools, and businesses with shade trees to help save energy. Tree canopies block sunlight from buildings, lowering air

conditioner usage by as much as 40 percent, and cutting irrigation needs up to 50 percent.

Through the program, residents and businesses can receive up to six trees at no cost, along with complimentary delivery and planting guidance. T. Castaneda shared the accomplishments of the program, including the planting of 58,000 trees since program inception, an average of 1,800 new trees planted annually, and the 49 varieties of tree species offered including shade trees, fruit trees, and fire-resistant tree species.

T. Castaneda stated that the Tree Power program staff members help address water waste inquiries, engage with residents at community fairs, educate students, and support APU's annual Earth Day Tree Planting event. The City of Anaheim (City) is nationally recognized as part of the Tree City USA program by the Arbor Day Foundation, and the Tree Line USA program.

T. Castaneda recognized City staff members of the Tree Power Program including Clare Nelson, Frank Nocella, Alejandro Ruiz, German Zaragoza, and Ignacio Oseguera.

**4. APPROVE IN SUBSTANTIAL FORM AN ENERGY STORAGE AGREEMENT WITH ROADHOUSE ENERGY STORAGE, LLC (ROADHOUSE) FOR THE PURCHASE OF ENERGY, CAPACITY, RESOURCE ADEQUACY, AND ASSOCIATED ATTRIBUTES FROM A 300 MEGAWATT BATTERY ENERGY STORAGE SYSTEM THAT WILL BE DESIGNED, CONSTRUCTED, OWNED, AND OPERATED BY ROADHOUSE FOR AN APPROXIMATE COST OF \$67.5 MILLION PER YEAR OVER A TWENTY-YEAR DELIVERY TERM. \***

E. Krause, Integrated Resources Manager, briefed the Board on the Energy Storage Agreement for the Roadhouse Energy Storage project, which would be added to the resource portfolio to aid in further integration of renewable resources. APU has been analyzing utility-scale batteries and developing a plan to optimize the operational and financial benefits that facilitate the transition to cleaner energy resources. E. Krause explained that Energy Storage was identified in the Integrated Resources Plan, which was approved by the Board and Council and submitted to the State the prior year, as a way to manage intermittent resources like wind and solar.

APU looked at the option of installing and owning an Energy Storage system in Anaheim and put a bid out to energy storage developers. The cost was much higher than originally estimated and there are some space and local grid constraints if installed in Anaheim. As a result, APU issued a Request for Proposals (RFP) to see if a developer-owned solution would be more viable.

T. Bilezikjian moved the Approval of an Energy Storage Agreement with Roadhouse Energy Storage, LLC.  
A. Abdulrahman seconded the motion.  
**MOTION CARRIED: 7-0.**  
**ABSTAINED: 0.**  
**ABSENT: 0.**

E. Krause explained that the Roadhouse Battery Energy Storage system, developed by NextEra Energy Resources, would be located in Ontario, California. This Energy Storage project would provide a local resource of 300 Megawatts (MW) and would line up well with the exit from the Intermountain Power Project coal resource in the same 2027 timeframe. The project provides performance guarantees, and decommissioning responsibility would remain with the developer.

E. Krause explained California Independent System Operator's (CAISO) recent battery dispatch examples. Battery dispatch for a normal Monday shows battery discharge in the morning and evening hours with the majority charging mid-day during solar hours. The recent solar eclipse was also reviewed showing battery discharge during the hours of the eclipse as well. The battery dispatch is expected to be similar to the examples and would be dispatched by the CAISO.

E. Krause mentioned that a third-party energy consulting firm aided with the evaluation due to the cost of the agreement. The goal is to make sure that there is a benefit not only for operational purposes, but to keep customer rates affordable. It is anticipated that the cost of the agreement, plus the cost of energy to fill the batteries will be offset by the annual revenues associated with the wholesale market and avoided grid costs paid as a participant in the CAISO. The resulting net benefit is about \$7 million per year, which may be used to invest in additional renewable resources in the future.

The Board inquired if APU was the sole off taker for the resource. E. Krause informed the Board that the resource was submitted through an RFP and that APU is the sole off taker for the project. The Board inquired if APU operators were dispatching the battery resource. E. Krause explained that the CAISO would dispatch the battery based on system needs. A. Nguyen, Financial Planning Manager, added that the resource had secured deliverability status within the CAISO and that many resources offered do not have this status.

The Board inquired if 300 MW would be delivered each day. D. Lee, Public Utilities General Manager, explained that dispatches may be for the full 300 MW or something less; this will depend on the State's need at that time and similar to how Canyon Power Plant is dispatched to meet regional grid needs.

The Board asked if the battery would always be fully charged or something less due to the efficiency seen in the contract. D. Lee explained that the optimal rate will be determined between APU staff and the developer to find the optimal charge and discharge rate. E. Krause added that there is a 50% average State of Charge allowed, and this would allow for a full charge and discharge each day.

**5. APPROVE A PROFESSIONAL SERVICES AGREEMENT WITH BARINGA PARTNERS, LP FOR PROJECT MANAGEMENT SERVICES ON THE IMPLEMENTATION AND SOFTWARE INTEGRATION OF AN ENERGY TRADING AND RISK MANAGEMENT SYSTEM. \***

E. Krause briefed the Board on a Project Management Services Agreement for the Energy Trading and Risk Management System (ETRMS) to manage interfaces with the regional wholesale energy market. E. Krause shared a video clip produced by CAISO that provides a high-level summary of the regional grid. Anaheim is a member of the CAISO so it's imperative that any solution we procure works seamlessly with them. E. Krause explained how the grid has become more complex and expanded through the Energy Imbalance Market along with the abundance of Variable Energy Resources. As such, there are gaps when APU either has too much or too little supply to meet customer demand.

The ETRMS utilizes high volumes of data related to power supplies, their costs, customer demands, and related risks and runs them through algorithms, and those results allow resource planners to make informed decisions to fill those gaps and schedule and bid resources to offer generation to the CAISO. Any savings through the wholesale markets help to keep electric rates affordable.

E. Krause explained that the grid has much more variability in terms of the types of resources, geographic diversity, and their operating characteristics that helps to mitigate associated risks. The current ETRMS system is 17 years old and there are many reports which require Microsoft Excel to compile the data. To implement the new system, it is necessary to contract a Project Manager to implement the new system, handling all aspects of transitioning from the old to the new without disrupting daily operations.

A summary of the competitive solicitation was provided, showing that the selection of the professional consultant followed Council Policy 4.1 and based on similar experience, technical approach, qualifications of individuals performing the work, and reasonableness of fees. E. Krause elaborated that seven proposals were submitted, two were shortlisted to conduct further interviews and questions. Baringa Partners LP is recommended based on their ranking. The cost of the proposal is \$2.1 million and there is a 15% contingency added for as-needed services as the system is implemented.

The Board inquired if the Project Manager (PM) was bundled with the software. E. Krause explained that the software would be brought later for Board recommendation and City Council approval and the PM is needed to integrate the new system as well as finalize scope for the new system. The Board inquired if APU needed to let the CAISO know that a new system is being put into place.

A. McMenamin moved the Approval of a Professional Services Agreement with Baringa Partners, LP.  
M. Lee seconded the motion.  
**MOTION CARRIED: 7-0.**  
**ABSTAINED: 0.**  
**ABSENT: 0.**

E. Krause elaborated that the CAISO does not need to know for this project. The system is used to interface with CAISO systems.

The Board inquired if the system would be compatible with others. E. Krause explained that APU would be replacing the entire system, and it would be combination of “off the shelf” modules for most scheduling aspects. However, there may need to be some customization for reporting aspects of the system.

**6. PRESENTATION: FISCAL YEAR 2024/25 STRATEGIC BUDGET PROPOSAL.**

C. Pereyra, Budget and Performance Administrator, briefed the Board on the Fiscal Year (FY) 2024/25 Strategic Budget Proposal, beginning with an overview of strategic priorities and the budget cycle. C. Pereyra shared how current year projections for electric retail sales were below the forecast due to decreased demand from cooler temperatures. C. Pereyra also indicated that increases in water supply costs were offset by corresponding savings in supplies and equipment expenses, and how funds for multi-year projects would be carried over into the new fiscal year.

The proposed increase in electric retail revenue would be offset by a decrease in the amount of rate stabilization funds collected. C. Pereyra shared that less proposed water revenue was primarily due to fewer reimbursements, as groundwater treatment projects near completion. Explaining the increase in labor, C. Pereyra noted that the proposed budget reflects recently approved labor contracts that were not included in the prior budget, and that the headcount will remain flat. C. Pereyra discussed increases in supplies and equipment due to technology projects and community and sustainability programs, as well as increases in power supply costs to purchase more renewable energy.

C. Pereyra outlined key budget investments that align with APU’s strategic priorities, including technology projects, security hardening, energy and water efficiency programs, and capital infrastructure projects. C. Pereyra shared that the budget will be agendaized at the next Board meeting for recommendation to the City Council. D. Lee informed the Board that staff will be available to answer any questions about the budget prior to the next meeting.

**7. APPOINTMENT OF UP TO 3 MEMBERS TO THE BOTTLED WATER ART *AD HOC* SELECTION COMMITTEE.**

APU is seeking up to three Board Members to volunteer to serve on the Bottled Water Art *ad hoc* Selection Committee. Board Members T. Ibrahim, A. McMenemy and A. Pham volunteered. Chairperson J. Seymour confirmed their appointments to serve on the Bottled Water Art *ad hoc* Selection Committee.

**8. APPROVE AND AUTHORIZE THE POSTING OF THE 2024 WATER QUALITY REPORT ON THE ANAHEIM PUBLIC UTILITIES WEBSITE AND PROVIDING OF A CERTIFICATION OF POSTING TO THE STATE WATER RESOURCES CONTROL BOARD DIVISION OF DRINKING WATER.**

J. Lehman, Assistant General Manager – Administration and Risk Services, shared the Annual Water Quality Consumer Confidence report (Report) detailing that APU either met or exceeded all federal and state water quality requirements. J. Lehman highlighted that over 40,000 water quality tests are performed each year to ensure the integrity of the water provided to the community. J. Lehman requested the Board’s approval to post the Report on APU’s website and certify to the State Water Resource Control Board when the posting was completed.

T. Bilezikjian moved the Approval and Authorization of the Posting of the 2024 Water Quality Report.  
M. Lee seconded the motion.  
**MOTION CARRIED: 7-0.**  
**ABSTAINED: 0.**  
**ABSENT: 0**

**9. PRESENTATION: CITYWIDE STRATEGIC PLAN.**

D. Lee provided an overview of APU’s involvement in the Citywide Strategic plan that was adopted by City Council. There are several areas and goals that APU will be focusing on.

D. Lee shared details on APU involvement including enhancing livability, graffiti abatement on utility equipment, tree trimming around utility lines, and expanding mobile services to better serve the community, including rebates to businesses.

Two areas that APU will be leading include helping customers address non-functional turf replacement due to drought regulations and seeking external funding sources to underground roadways with Southern California Edison (SCE) power lines.

**10. QUARTERLY STATUS REPORT FOR PRE-QUALIFIED PROFESSIONAL SERVICES, CONSTRUCTION, AND SPOT BID ELECTRIC MATERIAL PURCHASES FOR THE QUARTER ENDING ON MARCH 31, 2024.**

J. Lonneker, Assistant General Manager – Electric Services, updated the Board on the Electric Quarterly Status Report and informed the Board that APU is coordinating with the Public Works Department (PW) to request proposals from additional firms for consideration to be added to the Design-Build Master Agreement (DBMA) pre-qualification list. J. Lonneker commented on the need to add firms to foster more competitive bids on projects, noting that several projects had a single bidder in the past 12 months. J. Lonneker shared that a large capital improvement project, that has extensive high voltage line extension work, would be going to City Council for approval in May to support additional development in the Platinum Triangle area.

C. Parker, Assistant General Manager – Water Services, updated the Board on the Water Capital Improvement Program, and shared that the planned projects will be completed by the end of the fiscal year. C. Parker stated that the Boysen Park Groundwater Treatment Plant recently became operational and Phase A Groundwater Treatment Plants are all operational now. Phase B Groundwater Treatment Plants, including the Katella Well that is located near Angel Stadium, is now operational; the Downtown Well located near the Anaheim Packing House, will be operational in May, and the remaining sites will be operational in June 2024. All remaining work for both phases will be done by the fall timeframe.

## **11. UPDATE ON ELECTRIC SYSTEMS ITEMS.**

J. Lonneker informed the Board of a power outage that occurred April 15, 2024, at approximately 7:45 pm. This outage affected approximately 2,700 customers near Downtown Anaheim and north of the Resort district. Field personnel encountered issues with automation technology and deployed manual procedures resulting in a longer duration outage. Most customers were restored within a few hours, however, about 125 customers experienced an outage into the next day and will receive bill credits for the long duration outage. J. Lonneker shared with the Board that a resident from District 4 messaged APU inquiring when power would be restored. APU staff provided the resident with a portable battery generator to power a microwave needed to warm up an infant's bottle.

J. Lonneker reminded Board Members of the Institute of Electrical and Electronics Engineers (IEEE) Power & Energy Society (PES) Transmission and Distribution Conference and Exhibition at the Anaheim Convention Center from May 6-9<sup>th</sup>.

J. Lonneker requested the Board members inform P. Starr, Executive Assistant, if interested in attending.

The Board inquired about the blue and white lights that were recently installed on light poles on Nohl Ranch Road in Anaheim Hills. D. Lee shared that this is possibly an initiative from the Anaheim Police Department to deter wire theft.

APU staff will follow up with the Board.

## **12. UPDATE ON WATER SYSTEMS ITEMS.**

C. Parker briefed the Board on the Water Supply Condition, stating that the Orange County Groundwater Basin is in good condition and had above average rain fall this year. Most of the rain was captured and recharged into the groundwater basin. The State Water Project (SWP) had slightly under average rain fall and about average snow fall. The state recently announced that a 40% allocation on the SWP will be implemented this year, allowing for the Metropolitan Water District of Southern California (MWD) to put more water in storage this year. The Colorado River Basin had an under average rain fall and about average snow fall this year.

C. Parker invited the Board to the American Water Works Association's (AWWA) Annual Conference at the Anaheim Convention Center in June. C. Parker requested the Board Members inform P. Starr if interested in attending.

C. Parker briefed the Board on a pipe break that occurred at the beginning of April. Staff worked long hours fixing the challenging break due to two gas lines and one telecommunication line in close proximity to APU's water line.

C. Parker shared information and a video on a pipe cutting machine utilized by staff to cut pipes up to 72 inches in diameter. The machine is more efficient, safer and provides higher quality than other machines.

### **13. UPDATE ON FINANCE AND ENERGY RESOURCES ITEMS.**

A. Nguyen shared the Finance Dashboard with the Board, noting how cooler temperatures and precipitation affected fiscal year-to-date electricity and water sales. A. Nguyen noted that electric and water expenses are under budget for similar reasons. A. Nguyen shared recent supply-chain related headlines, indicating how electrification efforts, regulatory risks, and climate change events continue to challenge the utility industry's ability to receive timely delivery of equipment.

### **14. UPDATE ON ADMINISTRATION AND RISK SERVICES ITEMS.**

J. Lehman shared the Administration and Risk Services Dashboard. J. Lehman reviewed the safety metrics, and shared that APU received the national safety award from the America Public Power Association (APPA). The safety award of excellence was awarded for exemplary safety practices in 2023, based on incident rates, and overall safety programs, culture and practices. J. Lehman shared two other awards from the National Safety Council. One was a safety leadership award for the Lenain Water Treatment Plant for five consecutive years with no injuries resulting in days away from work. The other was the Superior Safety Performance award for the Canyon Power Plant for having ten consecutive years with no injuries resulting in days away from work.

### **15. ITEMS BY SECRETARY.**

D. Lee shared agenda items planned for next month:

- Fiscal Year 2025 Proposed Budget
- Wildfire Mitigation Plan Update
- Design Build Agreement
- Water Bond Issuance



D. Lee shared photos and various updates from the last month, including:

- A resident tour with Board Member M. Lee with college students and Anaheim residents
- Neighborhood meetings where APU shared about lighting programs
- APU staff joined Board Member A. Pham with the West Anaheim Organization event to provide resources for residents on various APU programs
- P. Garcia, Water Field Superintendent, performed above and beyond his job duties during a water main break by helping residents to safely cross the street
- Mayor Ashleigh Aitken and the Anaheim Ducks recognized students for their involvement in the Water Poster Contest
- An Earth Day tree planting ceremony was held at Orange Grove Elementary School
- Anaheim Union High School District hosted their annual STEAM-a-Palooza, and APU and Board Member T. Ibrahim recognized students who won a battery car race

Lastly, D. Lee requested that the Board meeting be closed in memory of Wayne Barlow, a former APU Chief System Operator from 1980-2010.

**16. ITEMS BY BOARD MEMBERS.**

Board Member A. Pham thanked APU staff for attending the West Anaheim Events and the Community Resource Fair and EV Test Drive.

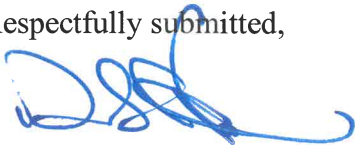
M. Lee thanked APU for supporting the resident tour.

**17. ADJOURNMENT: (NEXT REGULAR MEETING ON MAY 22, 2024, AT 5:00 P.M.)**

Chairperson J. Seymour asked for a moment of silence in memory of Wayne Barlow.

A. McMenamain moved to adjourn the Regular Meeting in the Gordon Hoyt Conference Center at 7:00 p.m. to the Board's Regular Meeting date of May 22, 2024 at 5:00 p.m. A. Pham seconded the motion. **MOTION CARRIED: 7-0. ABSTAINED: 0. ABSENT: 0.**

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 the City Clerk and City Council for informational purposes.