

**CITY OF ANAHEIM
PUBLIC UTILITIES BOARD**

MINUTES

September 25, 2024

The agenda having been posted on Thursday, September 19, 2024, the Public Hearing/Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson J. Seymour at 5:00 p.m. on Wednesday, September 25, 2024, in the Gordon Hoyt Conference Center, 2nd floor, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

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

Board Members Absent: None

City Staff Present: D. Lee, P. Starr, B. Beelner, C. Parker, J. Lonneker, J. Lehman, V. Tran, M. Avelino-Walker, A. Lee, T. Chen, B. Mendoza, M. Seifen, A. Nguyen, E. Krause, S. He, J. Wei, B. Fruchter, C. Pereyra, A. Flores, J. Balandran

Guest(s) Present: Dan Vozenilek, AT&T

AGENDA ITEM

ACTION TAKEN

1. PUBLIC COMMENTS.

D. Lee, Public Utilities General Manager, shared that three public comments were submitted by email.

Anaheim Public Utilities (APU) staff responded to Rosa Esquibel, an Anaheim resident, who submitted a request for a call back regarding her utility services, and no further actions are needed.

Two public comments were submitted by AT&T and Spectrum (Charter Communications) regarding Agenda Item #5 to establish a time frame for telecommunication companies to remove their overhead lines as part of undergrounding projects.

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

2. APPROVE THE MINUTES OF THE REGULAR MEETING OF AUGUST 28, 2024. *

Board Member T. Bilezikjian abstained because she was not present at the Regular Meeting of August 28, 2024.

T. Ibrahim moved the approval of the Minutes of the Regular Meeting of August 28, 2024.

A. McMenamain seconded the motion.

MOTION CARRIED: 6-0.

ABSTAINED: 1.

[T. Bilezikjian]

ABSENT: 0.

3. PUBLIC HEARING: FORMATION OF UNDERGROUND DISTRICT NO. 72 – LA PALMA/EAST (UD-72) AND DETERMINE THAT UD-72’S FORMATION IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO SECTIONS 15301(B), 15302(C), 15302(D), AND 15303 OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. *

Chairperson J. Seymour opened the public hearing and explained the public hearing procedures.

D. Lee stated that the staff report and its attachment will serve as his report under Chapter 17.24 of the Anaheim Municipal Code (AMC). J. Lonnerker, Assistant General Manager – Electric Services, provided a brief overview of the Underground Conversion Program, which included various projects throughout the City of Anaheim (City) to improve electric reliability and visibility of roadways. V. Tran, Electrical Capital Projects Manager, provided the Board with an overview of the proposed underground district formation including the project details.

V. Tran outlined the Underground Conversion Program’s Five-Year Plan (Plan) approval process and the number of projects that have been approved under the current Plan. V. Tran discussed the proposed project limits on La Palma Avenue from East Street to west of State College Boulevard, including portions of East Street to connect to a prior project, noting that Southern California Edison (SCE) lines will remain overhead on East Street. V. Tran explained the estimated cost has increased to \$13.5 million as a result of the increase in scope along East Street and further west on La Palma Avenue to accommodate a future expansion of a substation and explained how APU will coordinate with affected schools, residents and businesses. V. Tran described the various construction activities associated with substructure and electrical installations, and the timeframe and customer notification involved in completing these installations.

D. Lee reported that the Notice of Public Hearing and the City Clerk’s Office mailings were conducted in accordance with Chapter 17.24 and that the Affidavit of Publication of the Notice of Public Hearing concerning this District formation was filed with the Secretary of the Board.

The Board inquired whether limiting work hours during school pick up and drop off times would increase the project’s cost. V. Tran explained it does not necessarily increase the cost but could extend the project’s timeline. The Board inquired about the factors that were considered when forming this underground district. D. Lee explained that projects were selected based on the Plan’s five evaluation criteria, indicating that this project is the next in line to be formed.

A. Abdulrahman moved the recommendation to, by resolution, approve the formation of Underground District No. 72 – La Palma/East (UD-72) and determine that the formation is categorically exempt from the California Environmental Quality Act (CEQA).

T. Bilezikjian seconded the motion.

MOTION CARRIED: 7-0.

ABSTAINED: 0.

ABSENT: 0.

The Board inquired about whether SCE's transmission lines will be undergrounded in the future. V. Tran explained that SCE is regulated by the California Public Utilities Commission (CPUC) and is not obligated to fund undergrounding in jurisdictions where SCE does not serve and collect revenues from customers. D. Lee added that APU's underground funds are restricted, and a request to underground SCE lines will require another source of funding. The Board asked what the voltage of SCE's transmission lines are, and V. Tran responded that they are at 69,000 volts.

The Board opened the hearing to the public and asked if there were any members of the public who wished to speak. There were no public speakers for this item.

Chairperson J. Seymour asked the Secretary of the Board if any correspondence was received concerning this public hearing. D. Lee informed the Board that APU did not receive any correspondence based on 1,141 public notices that were mailed out. Chairperson J. Seymour closed the public hearing. Chairperson J. Seymour asked for a motion from the Board to take the action proposed by staff.

4. RECOMMEND APPROVAL OF A DESIGN-BUILD SERVICES AGREEMENT WITH BURNS & MCDONNELL ENGINEERING COMPANY, INC. TO DESIGN AND CONSTRUCT THE SOUTHWEST SUBSTATION UPGRADE PROJECT IN THE AMOUNT OF \$27,707,073 PLUS A 10% CONTINGENCY AND DETERMINE THAT THE PROJECT IS EXEMPT FROM CEQA PURSUANT TO SECTIONS 15301(B), 15302(C), 15303, AND 15304 OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS.

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S. He, Principal Electrical Engineer, provided the Board with a brief overview of the proposed Southwest Substation Upgrade Project which included the scope of work, the criteria and evaluation process. S. He indicated that the evaluation criteria used for selecting the design-build contractor included pricing, similar project experience, project team members, references from other utilities, engineering and construction methodology, plus interview results. The project will expand into adjacent land owned by APU, but currently used by the Public Works Department (PW) for temporary storage space. S. He explained that the project will not interrupt electrical service to customers when transitioning to the new equipment. The existing wall will be replaced with a high perimeter wall plus an upgraded camera system to enhance substation security.

The Board inquired what the cost of the project would be and how it compares to the other proposal that was submitted. J. Lonkeker shared that it would be \$27,707,073 plus a 10% contingency, which was significantly lower than the other proposal APU received. The Board asked about the coordination with PW on relocating their operations.

M. Lee moved the recommendation of approval of a Design-Build Services Agreement with Burns & McDonnell Engineering Company, Inc. (BMcD) and the determination that the project is exempt from CEQA. T. Ibrahim seconded the motion.

MOTION CARRIED: 7-0.
ABSTAINED: 0.
ABSENT: 0.

Staff responded that PW consolidated their operations with other existing transfer stations.

The Board inquired if the old equipment would remain at the location. S. He explained that the old equipment would be removed from the location. The Board asked if this upgrade would increase the number of customers. D. Lee explained that it would increase the capacity of the substation and the transformers that will be installed will be rated at a higher-level giving APU more ability to serve the City. The anticipation is that APU will meet the service needs of electrification and have the ability to reroute power during an outage. The Board asked how many substations the City currently has, and if the upgrades can be done to the others. J. Lonaker shared that the City has 14 substations and APU has identified three additional substations that would qualify for the upgrade within the next couple of decades. The Board asked how long Southwest Substation has been operating with the current equipment. S. He shared that the Southwest Substation has been in operation since 1989, resulting in 35 years.

5. RECOMMEND INTRODUCTION AND ADOPTION OF AN ORDINANCE AMENDING CHAPTER 17.24 OF THE ANAHEIM MUNICIPAL CODE (AMC) ESTABLISHING TIMELINES, DECLARING A PUBLIC NUISANCE, AND AUTHORIZING ENFORCEMENT AND PENALTIES ASSOCIATED WITH THE REMOVAL OF OVERHEAD FACILITIES WITHIN UNDERGROUND UTILITY DISTRICTS, AND DETERMINE THAT AMENDMENTS TO CHAPTER 17.24 OF THE AMC ARE NOT SUBJECT TO CEQA PURSUANT TO SECTIONS 15060(C)(3), 15301, 15302, 15303, AND 15304, AND 15378 OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. *

A. Abdulrahman moved the recommendation to introduce and adopt an Ordinance Amending Chapter 17.24 and determine that the ordinance is not subject to CEQA. T. Ibrahim seconded the motion.
**MOTION CARRIED: 7-0.
ABSTAINED: 0.
ABSENT: 0.**

Upon request of the City Council, APU is recommending the Introduction and Adoption of an Ordinance amending Chapter 17.24 of the AMC to establish timelines associated with the removal of overhead facilities by telecommunication companies within underground utility districts. This item was requested by Council Member Meeks, and City Council directed staff to bring this item to the Board first, before returning to Council with a recommendation. D. Lee noted that there are four projects with telecommunication lines remaining overhead, and that on average over the past 10 projects, it is taking the telecommunication companies 2.4 years to remove their lines to complete pole removals. The current language in Chapter 17.24 is vague and only refers to work being performed “in a timely manner.”

APU staff surveyed other utility agencies to determine what actions are being taken in other jurisdictions. Of five surveyed agencies, only two are actively trying to expedite the removal of overhead facilities. This ordinance would allow the City to establish timelines, declare a public nuisance, and authorize enforcement and penalties associated with the removal of overhead facilities within underground utility districts.

D. Lee shared that APU would provide incentives for agencies that meet the 12-month requirement, by having APU pay for pole removals and street repairs. In the event that the 12-month requirement is not met, the City would follow the Civil Citation process, with daily fines established as follows: \$200 per day for the first offense, \$500 per day for the second offense, and \$1,000 per day for the third and subsequent offenses. The effective date, following City Council Adoption, would be the end of November 2024. Currently, the four projects that are in violation of the 12-month requirement would get a Notice of Violation issued with a six-month grace period to take corrective actions.

Chairperson J. Seymour asked the Board if there were any objections to the new Ordinance to amend Chapter 17.24 of the AMC. The Board agreed that a new Ordinance is needed to establish timelines for the removal of overhead facilities within underground utility districts. The Board discussed concerns from AT&T and Spectrum (Charter Communications) regarding not meeting the twelve-month timeline to remove the overhead facilities due to unknown issues and problems that might come up during the process. An additional concern was regarding the implementation of coordination meetings to be added to the Ordinance. D. Lee shared that coordination meetings are being held, although not all members of AT&T and Charter's teams participate.

The Board inquired if the Ordinance is legally defensible. A. Lee, Deputy City Attorney, confirmed that the City Attorney's office has validated the legality of the Ordinance. The Board asked if the Ordinance states that the City will offer additional time in the event that telecommunication companies run into circumstances where additional time is needed. A. Lee explained that the City has an administrative process to take extenuating circumstances into consideration.

The Board asked if the City has established a maximum amount of time allotted for the correction to be made once the violation is issued. T. Chen, Deputy City Attorney, shared that the Planning and Building's Code Enforcement division has flexibility when determining the corrections period by determining if, based on the facts, correction of the violation is feasible within the correction period. The Board asked how APU determined the financial penalty structure following the notice of violation. D. Lee shared that this was determined similar to how the City structures Civil Citations – Chapter 1.20. The Board asked if telecommunication companies previously hit below the one-year mark for removal. D. Lee shared that four of the six telecommunication companies have hit below the one-year completion mark.

6. RECEIVE FISCAL YEAR 2023/24 UTILITIES SUCCESS INDICATORS UPDATE.

C. Pereyra, Budget and Performance Administrator, presented the Utilities Success Indicators report for fiscal year 2023/24. The report has been updated and now tracks 21 performance metrics aligned with APU's strategic priorities, including sustainability, customer experience,

reliability, affordability, risk mitigation, and safety. APU met 19 of its targets for the fiscal year.

C. Pereyra provided a high-level overview of all metrics and elaborated on two items that did not meet their goals, including call wait times and generation availability. Although the Utilities Call Center did not meet the three-minute target, efforts to improve the progress are trending in a positive direction, and demonstrated by monthly call wait times that are now consistently within the 3-minute target. The generation availability reflects that Unit 1 of the Canyon Power Plant has been offline due to ongoing repairs needed that have been previously explained to the Board, and Intermountain Power Project (IPP) which has planned reduction of output during non-summer months to preserve fuel.

C. Pereyra reported progress on water maintenance, stating that APU is on track to inspect all hydrants and valves in the City within the three-year cycle. C. Pereyra highlighted the lost injury time metric for employee safety and introduced new metrics, including wildfire mitigation, water conservation, and lighting repair and improvements.

The Board inquired about current frequency of street light wire theft in comparison to previous months. J. Lonneker indicated that the frequency of incidents appears to be decreasing. The Board thanked staff for their contributions to APU's performance.

7. RECEIVE FISCAL YEAR 2023/24 REPORT FOR DEPARTMENT ORDER 310 – EXTRA WORK/CHANGE ORDERS.

D. Lee provided the Board with an overview of the completed extra work/change order projects totaling approximately \$30 million in the past fiscal year. Total expenditures were approximately 4.7% less than authorized. APU did not exceed the authorized change order authority on any of the projects. Reasons for expense changes during a project include a change in scope of work due to field conditions, or in the difference between estimated and actual quantities of bid items.

8. UPDATE ON ELECTRIC SYSTEM ITEMS.

J. Lonneker shared metrics from the recent heat wave at the beginning of September. Temperatures in Anaheim reached a high of 109 degrees, with the nightly lows averaging 80. APU experienced 14 outages over the 3-day period, most of which were attributed to overheated or overloaded transformers. APU's Transformer Replacement Program has replaced 300 transformers, indicating improved reliability during these stressed conditions. J. Lonneker shared that electric crews, inspectors, operators and warehouse staff worked concurrent outages throughout the day and night, prioritizing responses, re-routing power and directing contract crews to locations to minimize restoration time. The average duration of all the outages was less than 6.5 hours. Operations management prepared in advance of the heat wave with additional personnel on standby and

portable generators on hand to mitigate the anticipated number of incidents.

J. Lonneker shared with the Board that a truck struck a power pole on State College Boulevard and Via Burton Street causing extensive damage. Downed power and telecommunication lines caused road closures for much of the day. APU was able to restore power to nearby businesses within two hours, however telecommunications were unavailable for the remainder of the day.

J. Lonneker announced that the annual Public Power Week celebration will be held on Thursday, October 10th, on Center Street Promenade. This event is open for the public to visit booths and learn about energy conservation and opportunities to save on their bill. Students from Dr. Jonas E. Salk Elementary School will learn how power is delivered, safety around power lines, and future career opportunities in the energy field. The bucket truck rides will feature APU's all electric bucket trucks.

9. UPDATE ON WATER SYSTEM ITEMS.

C. Parker shared that the Orange County Groundwater Basin is in good shape. The State Water Project (SWP) is investigating construction of a reservoir south of the Northern California Delta region to capture water during wet years to use during dry years. The storms are projected to be more intense over shorter periods of time and the dry periods will have longer durations. The Colorado River Basin condition has not changed much from last month, as they continue to work on the conservation plan. The rain has been about average this year, with the rain season ending at the end of September.

C. Parker also briefed the Board on how the recent wildfires did not affect APU's water system, nor was water used from our Walnut Canyon Reservoir via the use of helicopters.

C. Parker stated that a 36-inch water main leak recently occurred in Anaheim Hills. The leak was small, so water crews were able to plan a shutdown to mitigate water supply and customer impacts. The water main was about 10 feet deep, and the leak occurred on a plate for an outlet used during construction. All repairs went as planned.

10. UPDATE ON FINANCE AND ENERGY RESOURCES ITEMS.

B. Beelner, Assistant General Manager – Finance and Energy Resources, discussed the heatwave in Southern California in early September, and how APU and the state at large responded as compared to similar heat events in 2020 and 2022. B. Beelner mentioned that the California Independent System Operator (CAISO) added 15,000 megawatts (MW) of capacity going 48,555 MW in 2020 to 63,717 MW in 2024. During the heatwave the CAISO system demand was 47,753 MW - far below the 63,717 MW in capacity allowing for no need for demand response in APU or in California. B. Beelner then mentioned that the City also had an ample

reserve margin and was able to meet its system demand. The Board asked B. Beelner what APU's peak was during the heatwave. B. Beelner answered 579 MW, just a bit below the system's all-time peak of 593 MW.

B. Beelner then discussed the recent 0.5% interest rate reduction by the Federal Reserve. B. Beelner reminded the Board that APU issued variable rate debt to finance water infrastructure. B. Beelner mentioned that the action by the Federal Reserve positively impacted APU with a drop in the variable rate debt in its portfolio.

B. Beelner then discussed the monthly Finance Dashboard with the Board. B. Beelner mentioned that year to date electric operating expenditures were 32.9% (\$29.7M) due to lower fuel and power supply costs. B. Beelner shared that natural gas prices have continued to be lower than normal for the summer with wholesale power costs also much lower allowing for APU to purchase wholesale power at lower-than-expected costs as opposed to using power from Intermountain Power Project (IPP). The Board asked B. Beelner if APU can decide whether to run IPP or not. B. Beelner mentioned that the operating agreement now allows for APU to determine how much power it receives from IPP each month so that it can save fuel for months that are more critical to APU's system needs.

B. Beelner then discussed the Power Supply Dashboard and highlighted lower than normal average wholesale power prices of \$38/Megawatt-hour (MWh) in 2024, about half the price at the same point in 2023. B. Beelner also discussed the abnormally low natural gas prices at \$2.0/Metric Million British Thermal Unit (MMBtu) in 2024 as compared to \$6.0/MMBtu in 2023.

11. UPDATE ON ADMINISTRATION AND RISK SERVICES ITEMS.

J. Lehman, Assistant General Manager – Administration and Risk Services, provided an update on the Wholesale Energy Risk Management (ERM) Program's Quarterly Compliance Report for the fourth quarter of Fiscal Year 2024. During this period there were no violations of the ERM Program, and all transactions were within the ERM requirements.

J. Lehman then invited the Board's attention to the Administration and Risk Services Dashboard. As the legislative session wraps up, September 30th will be the last day for the Governor to either sign or veto a bill.

J. Lehman shared that APU is tracking over 70 bills, and highlighted three sets of bills that APU is closely monitoring:

- AB 1820, AB 3012, SB 1210 – Housing Development Fee Estimates: these bills are being watched by APU;
- AB 2561 – Local Public Employees: Vacant Positions: this bill is being watched by APU; and
- AB 1834 – Energy Market Design Clean-Up: this bill is being supported by APU.

J. Lehman then reviewed the safety metrics and shared that there was one injury during the reporting period. APU continues to meet its safety metrics, and trainings help raise attention to safety matters.

At last month's Board meeting, the Board inquired if the software system used for telephone, Interactive Voice Response (IVR), and customer contact center had accessibility features. J. Lehman shared that staff reviewed the features and confirmed that the system accommodates vision, hearing, speech and mobility impairments for the customer as well as for staff who utilize the system via telephone, chat, and email.

12. ITEMS BY SECRETARY.

D. Lee shared agenda items planned for next month:

- Electric Reliability Update;
- Water Quality Laboratory Testing Services Agreement;
- Agreement for Graffiti Abatement Services on Electric Equipment; and,
- Power Purchase Agreements for Wind and Solar.

D. Lee shared the following updates:

- RE+ Conference at the Anaheim Convention Center was well attended, and that Board Members M. Lee and A. Pham attended with APU staff;
- Love Anaheim partnered with APU to paint fire hydrants;
- APU joined other departments at a Mental Health community event at Pearson Park;
- Bill assistance was offered to residents at a mobile family resource event;
- Homeless initiatives have been prioritized by the City, and APU is participating by adding streetlights, and hosting a lighting distribution to residents near areas that are impacted along a railroad right of way; and,
- Wildfire cameras that were installed have proven to be a useful asset and are being used extensively by Anaheim Fire & Rescue Department. Images of the Airport Fire captured from the wildfire cameras were shown to the Board.

13. ITEMS BY BOARD MEMBERS.

T. Ibrahim thanked APU for the thoughtful card and for supporting the residents and businesses in the City.

T. Bilezikjian requested a future agenda item regarding nuclear power and climate change.

Staff will agendaize at a future Board meeting.

A. Pham inquired if APU had previously installed any blue lights throughout the City. D. Lee shared that APU installs LED lights that have a slightly lower color temperature.

A. Pham and M. Lee thanked APU staff for the discussion regarding solar and battery storage at the RE+ Conference.

A. Abdulrahman inquired if the underground project on Ball Road and Nutwood Street has a projected timeline. D. Lee shared that APU submitted the grant application, but there has been no notification yet.

J. Seymour asked if the reservation deadline had passed for the Metropolitan Water District of Southern California (MWD) tour. Staff confirmed the tour was closed due to reaching capacity.

14. ADJOURN: (NEXT REGULAR MEETING ON OCTOBER 23, 2024, AT 5:00 P.M.)

A. Pham moved to Adjourn the Public Hearing/Regular Meeting in the Gordon Hoyt Conference Center at 6:48 p.m. to the Board's Regular Meeting date of October 23, 2024, at 5:00 p.m. M. Lee 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.