

City of Roseville **Public Utilities Commission**

August 23, 2011 7:00 P.M. Council Chambers 311 Vernon Street

AGENDA

- 1. Roll Call
- 2. Pledge of Allegiance
- 3. Approval of the June 28, 2011 Minutes
- 4. Oral Communications/Public Comment
- 5. New Business
 - a. Election of Chair and Vice Chair

In conformance with Section II-B of the Public Utilities Commission Meeting Procedures, election to be held for Chair and Vice Chair. Elected officers shall assume their positions at the regular meeting in September.

b. Commissioner Areas of Interest

Commissioners to select one or two utility areas on which to focus in order to provide specific input when an issue comes before the PUC.

c. Environmental Utilities Monthly Update

Report by Environmental Utilities Director Derrick Whitehead summarizing monthly status of Environmental Utilities issues, for information.

d. Environmental Utilities Water Efficiency Division Overview

Report by Water Efficiency Administrator Lisa Brown on the status of the Water Efficiency Division, for information.

e. Stormwater Phase II Permit Reissuance

Presentation by Environmental Utilities Engineering Manager Kelye McKinney on the Stormwater Phase II Permit Reissuance – Draft Permit, for information.

f. Roseville Electric Monthly Update

Report by Electric Utility Director Michelle Bertolino summarizing monthly status of Electric issues, for information.

g. Roseville Electric Risk Management Policies

Presentation by Electric Power Supply Manager Mike Wardell on the Electric Risk Management Policies, for information.

6. Reports – Commission/Staff

7. Adjournment

NOTE: If you will be using audio/visual materials in your presentation, see the Media Technician when you arrive. Materials to be used in presentations to the Commission, such as audio or visual aids must be submitted to the Director of the responsible department or the Recording Secretary at least 72 hours in advance of the meeting.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Recording Secretary to all or a majority of the Roseville Public Utility Commission less than 72 hours prior to that meeting are available for public inspection during normal business hours at the Office of the Roseville City Clerk located at 311 Vernon Street, Mezzanine Level, Roseville California 95678.

The City of Roseville strives to make reasonable accommodation in all of its programs, services and activities for all qualified individuals with disabilities. Notification of the responsible department (774-5770) or TDD (774-5220) 48 hours in advance will enable the City to make arrangements to ensure meeting accessibility.

All public meetings are broadcast live on Roseville COMCAST Cable Channel 14 and SUREWEST 73 and replayed at 11:00 p.m. the day of the meeting and the following morning, beginning at 9:00 a.m.



MINUTES Public Utilities Commission

June 28, 2011 7:00 p.m.

Council Chambers 311 Vernon Street Roseville, CA 95678

1. Roll Call

PUC Commissioners Present:

Bruce Houdesheldt

Joe McCaslin Tom O'Meara Bruce Scheidt Jim Viele

PUC Commissioners Absent:

Tom Barrington

Staff Present:

Kelye McKinney, EU Engineering Manager

Cathy Lee, EU Senior Engineer
Jim Mulligan, EU Principal Engineer
Michelle Bertolino, Electric Utility Director
Dave Brown, Asst. Electric Utility Director
Matt Garner, Interim Power Plant Manager

Philip McAvoy, Electric Rates & Customer Info. Manager Mike Wardell, Electric Interim Power Supply Manager/

Energy Portfolio Manager

Scott Vaughan, Electric Engineering Manager

Joseph Mandell, Deputy City Attorney

2. Pledge of Allegiance

3. Minutes of May 24, 2011

The minutes of May 24, 2011 were approved as submitted.

MOTION: Commissioner Houdesheldt made the motion to approve the minutes of May 24, 2011 which was seconded by Commissioner McCaslin.

Ayes:

McCaslin, O'Meara, Scheidt, Viele

Noes: None Absent: Barrington

4. Oral Comments/Public Comment

There was no Public Comment.

5. New Business

a. Environmental Utilities, Monthly Report

Report by Environmental Utilities Engineering Manager, Kelye McKinney, summarizing monthly status of Water, Wastewater, Recycled Water and Solid Waste issues, for information.

b. Environmental Utilities Consumer Confidence Report

Presentation by Senior Engineer Cathy Lee summarizing the Water Utility consumer Confidence Report, for information.

Cathy Lee presented to the commission.

c. Roseville Electric Monthly Report

Report by Electric Utility Director Michelle Bertolino summarizing monthly status of Electric issues, for information.

d. Electric Department 2011-12 Budget Overview

Presentations by Electric Utility Director Michelle Bertolino summarizing the Electric Budget for Fiscal Year 2011-2012, for information.

Michelle Bertolino presented to the commission.

e. Electric Department Capital Improvement Plan Overview

Presentation by Electric Engineering Manager, Scott Vaughan summarizing the Electric Department CIP's for Fiscal Year 2011-12, for information.

Dave Brown, Assistant Electric Utility Director introduced the item and Scott Vaughan presented to the commission.

f. Electric Department Deep Well Injection Project Update

Presentation by Assistant Electric Utility Director, Dave Brown and Interim Power Plant Manager, Matt Garner on the status of the Deep Well Injection Project, for information.

Matt Garner, Interim Power Plant Manager presented to the commission.

Robert Dugan of 1701 Monte Bell Court, Roseville stated I would assume you looked at the geology to determine and assure that the deep well injection system is not going to influence the current challenges we are facing with the water quality coming out of our well system in the City of Roseville for consumer water.

Matt Garner, Interim Power Plant Manager, we expect no issues with the natural drinking water.

8. Reports - Commission/Staff

Commission O'Meara stated he had been at the APPA Conference in Washington, D.C. and spoke with a representative from SMUD regarding their Smart Grid Program and he offered an educational briefing to the PUC if there is interest.

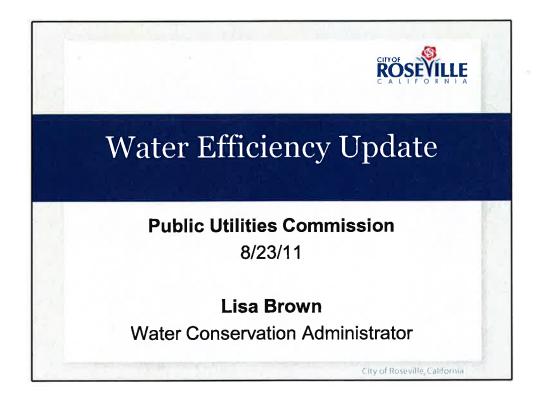
Michelle Bertolino, Electric Utility Director responded she would be in contact with SMUD regarding a presentation to the PUC.

9. Adjournment

Commissioner Scheidt moved for adjournment of the June 28, 2011 Public Utilities Commission meeting. Commissioner O'Meara seconded the motion. The motion passed unanimously at 8:37p.m.

James Viele
Vice Chairperson

Therese Keller
Recording Secretary





Legislative/Regulatory

9/28/2006 AB 1881: WELO

10/13/2007 AB 1420 DMM compliance

11/10/2009 SBX7 7 20%x2020

1/01/2010 Model WELO

1/01/2011 CA Green Building Standards

City of Roseville, California

Areas of Focus

New Development

- WELO
- Develop Agreements
- CA Green Building

Landscape

- Water Budget Billing
- Cash for Grass
- Irrigation Efficiency
- Smart Timer
- Pool Cover





City of Roseville, California

Areas of Focus

Water Wise House Calls/CII Surveys

- Proper irrigation scheduling
- Customer education
- Leak detection

Customer outreach

- Blue Thumb
- RUEC
- H2O... new marketing campaign
- www.roseville.ca.us/waterwaste

City of Roseville, California

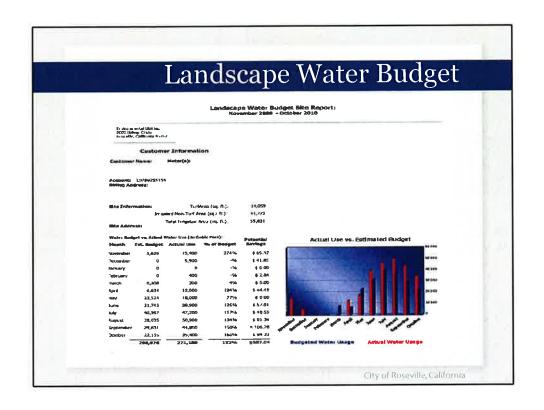
Areas of Focus

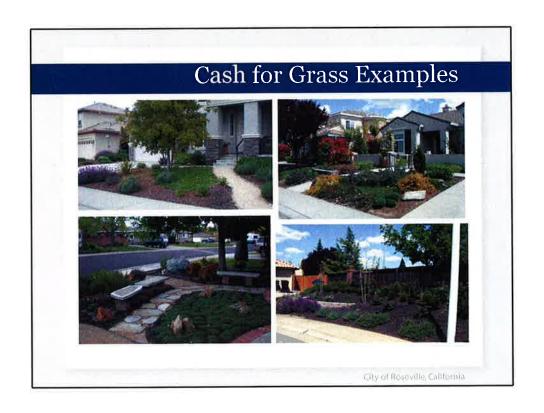
Interior programs

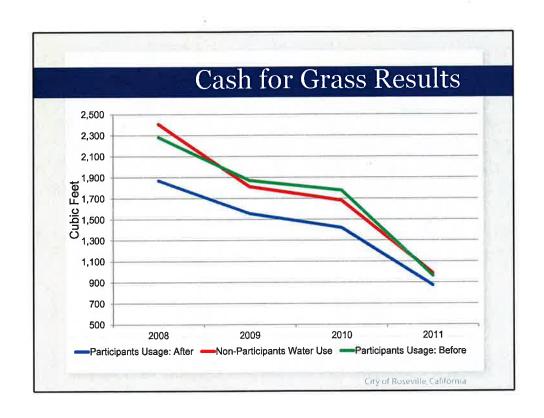
- High Efficiency Toilet Rebates
- High Efficiency Clothes Washer Rebates
- High Efficiency Plumbing Retrofit Devices
- Custom Rebate Programs (CII)



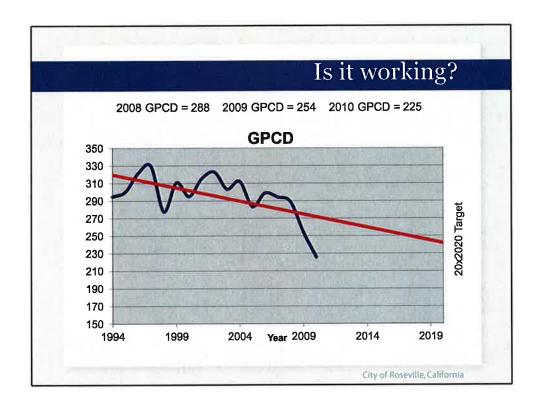
City of Roseville, California











Lisa Brown Water Conservation Administrator 916-746-1710 Lbrown@roseville.ca.us www.roseville.ca.us/savewater Questions?





To:

Roseville Public Utilities Commission

From:

Todd White, Electric Resource Analyst

Date:

July 19, 2011

Subject:

Energy Risk Management Policies

The City of Roseville's Electric Department has had a set of Energy Risk Management Policies in place since 2000 to protect ratepayers against energy market risks and other risks to which it is exposed. Those policies have been updated from time to time to account for changes in our operating environment and our level of experience. We will be proposing a new set of policy changes later this summer.

At the July 26th Roseville Public Utilities Commission meeting, Electric staff will be presenting an overview of our Risk Management Policies and the changes we are proposing. We expect to follow that up with the detailed policy updates in the August meeting. A brief description of our policies to go along with the presentation follows:

Energy risk management in the City of Roseville is encompassed by four policy statements: the **Energy Risk Management Policy**, the **Energy Credit Risk Policy**, the **Energy Trading Authority Policy**, and the **Energy Hedge Policy**.

The Energy Risk Management Policy defines the general goals of the program and the related governance issues. Within this policy are three specialized policies that together comprise the City's overall energy risk management policies. These four policies are summarized below:

Energy Risk Management Policy:

This is the all-embracing policy that defines the organizational goals and the governance structure for risk management. "Governance structure" refers to all of the major organizational groups (i.e., Risk Oversight Committee, City Council, City Manager, Power Management Services Agent, etc.) that are defined in this policy, including their expected duties and interrelationships with regard to risk management.

Energy Credit Risk Policy:

This policy relates to the management of counterparties. It focuses on evaluating the risk of a prospective counterparty, and then using that evaluation to develop an open line of credit. This policy defines how credit limits are set, and who can set them. This policy also addresses regular monitoring of counterparty creditworthiness -- along with the value of contracts currently active with counterparties -- to determine how much credit has been extended to a counterparty. This policy also addresses general credit management issues, such as bad debt accounting and cash management.

Energy Trading Authority Policy:

This policy addresses the process the City uses to transact with counterparties. This policy defines many aspects of delegation of authority (i.e., to whom authority is delegated; how much energy or money they are authorized to spend at one time or over time; what kinds of products they can transact; and, the processes to obtain authority to transact). This is the policy that ensures transactions are performed in a disciplined manner with appropriate communication across the organization.



Electric Risk Management and Rate Stability

Roseville Public Utilities Commission August 23, 2011

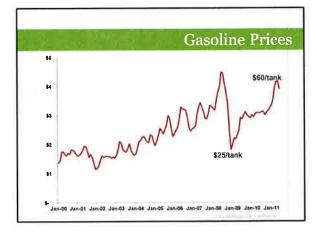
Mike Wardell

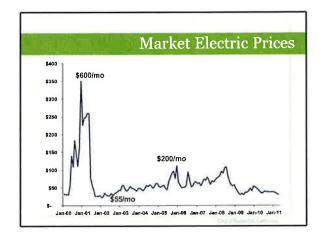
Power Supply Manager

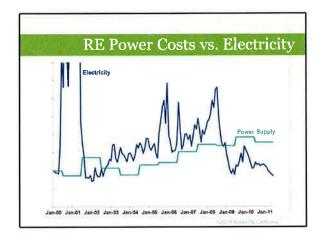
Policy History

- Risk Policies in place since 2000
- Simple at first; now more complex
- Updates based on experience, increased capabilities

Children Laborat







Key Points

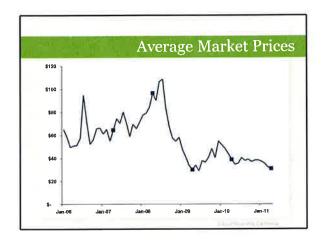
- Risk: Exposure to bad outcomes
- Why we care: Increases costs, rates
- Managing risk creates rate stability
- Expanding successful program

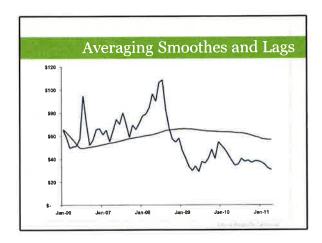
Key Risks Covered By Policies

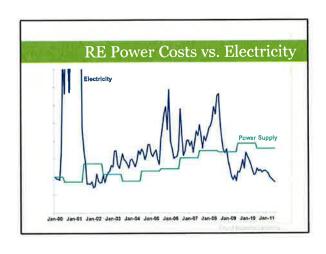
- Primary Risks
 - Market
 - Hydro conditions
 - Plant outages
- Secondary Risks
 - Credit Risk
 - Internal Trading Risk

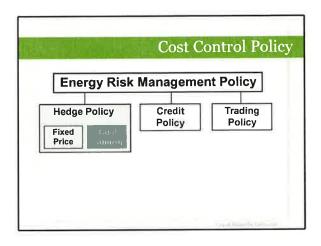
Roseville Electric Risk Policies Energy Risk Management Policy Hedge Policy Fixed Cost Price Control Oversee at multiple levels Control primary risks Manage secondary risks

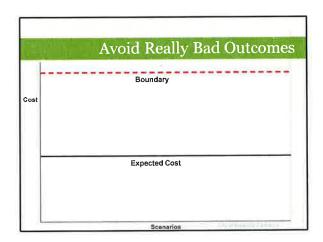
Energy Risk	wanageme	III Folicy
Fixed Cost Control	Credit Policy	Trading Policy

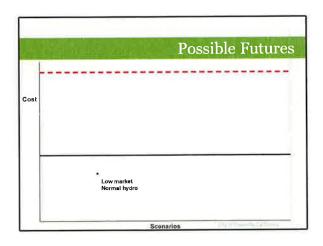


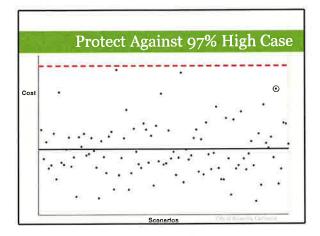










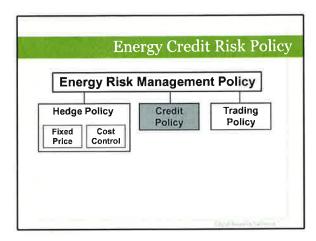


Hedge Policy Changes

- Cost Control Policy becomes binding
- Adds hydro risk, plant outage risk
- More risks in policy = more stability

Hedge Policy Comparison

- Informal survey of CA munis in 2009
- Policies ranged from 1-8 years
- On average we are:
 - More conservative
 - More formal
 - More sophisticated
- Consistent with Vantage and APM findings



Credit Policy

- How we set credit limits
- Implemented through master contracts
- Tied to agency credit ratings
- Limits exposure to default

Credit Policy Changes

- Working very well
- Change RE staff responsibilities

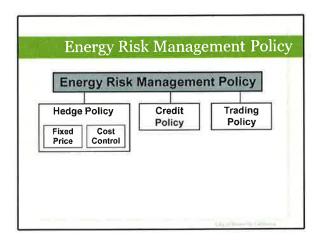


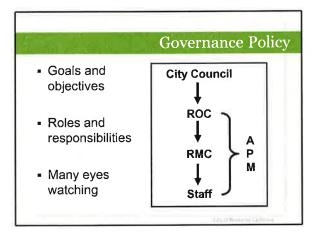
Trading Authority

- Who can trade what, when
- · Council has ultimate control
- City Manager trades within policies
- ACES Power keeps the lights on
- Tight control means no costly mistakes

Trading Policy Changes

- Consolidating changes in one place
- Adapt to new markets
- Add environmental products
- Clarity of authority = more stability





Governance Policy Changes

- Organizational changes
- Clarify responsibilities
- Put in place path for expansion
- Greater scope = more stability

The Future	:
■ Focus on rates	
Reserve fund view of risk	
Expand to more risks	
Increase Transparency	
Final Thoughts	•
RE stabilizes rates for its customers	
■ Building on successful program	
Keep broadening our view	
Communicate clearly	