



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

Thursday, May 15, 2025



EXECUTIVE DIRECTOR REPORT

Working Group Update

Daniel E Garcia | *Executive Director*

CONSENT CALENDAR

A. Minutes of the Board of Directors Meeting

- Regular Meeting Minutes: April 17, 2025

B. Receive and File:

1. Finance Committee Meeting Minutes: April 7, 2025
2. Monthly Investment Report: March 2025
3. Quarterly Investment Report: March 2025
4. SCPPA A&G Budget Comparison Report: March 2025
5. Palo Verde Report: April 2025
6. Magnolia Power Project Operations Report: April 2025
7. Federal Legislative Report: April 2025
8. Investment Committee Meeting Minutes: May 5, 2025

CONSENT CALENDAR CONTINUED..

C. Resolution 2025-021

Amendment No. 3 to Professional Services Agreement with PFM Financial Advisors LLC

D. Resolution 2025-022

Approve Amendment No. 2 to the Master Professional Services Agreement with K2 Fabrication, Inc DBA K2 Design and Fabrication

E. Resolution 2025-075

Adopting and approving a revised Investment Policy for the Authority



FINANCE REPORT

Aileen Ma | *Chief Financial &
Administrative Officer*

Anna Mendoza | *Senior Utility Analyst*

CANYON POWER PROJECT BOND REFINANCING

SOUTHERN TRANSMISSION SYSTEM (STS) RENEWAL PROJECT REVENUE BONDS (THIRD TRANCHE)

STS RENEWAL PROJECT REVENUE BONDS

- ▶ STS Renewal Project
 - ▶ Capital improvements to existing Southern Transmission System
 - ▶ Multiple components with various in-service dates to April 2028
 - ▶ Total estimated cost - \$2.7 billion
- ▶ Project Participants
 - ▶ LADWP, Glendale, and Burbank
- ▶ Project Participants desire SCPPA to provide financing

STS RENEWAL PROJECT REVENUE BONDS

Financing Plan

- ▶ Multiple tranches to reduce capitalized interest and debt service
 - ▶ First tranche issued in May 2023 for \$686 million
 - ▶ Second tranche issued in May 2024 for \$563 million
- ▶ Third tranche
 - ▶ Fixed rate tax-exempt bonds
 - ▶ Fixed rate tender (put) bonds
 - ▶ Up to \$700 million in par

STS RENEWAL PROJECT REVENUE BONDS

Firm	Role	Estimated Fees & Expenses
Norton Rose Fulbright	Bond/Disclosure Counsel	\$ 180,000
Nixon Peabody	Tax Counsel	50,000
PFM Financial Advisors	Financial Advisor	85,000
Moody's Investors Service	Rating Agency	178,000
Fitch Ratings	Rating Agency	145,000
U.B. Bank	Trustee	12,500
ImageMaster	Printer	4,000
Contingency		5,000
Estimated Cost of Issuance		\$ 659,500

STS RENEWAL PROJECT REVENUE BONDS

- ▶ May 5th - Finance Committee recommended approval of the Authorizing Resolution

Recommendation:

Adopt Resolution No. 2025-023 authorizing the issuance of the STS Renewal Project, Revenue Bonds, 2025-1 and 2025-2 and the execution and delivery of various agreements relating to the issuance of the revenue bonds.

PROPOSED FY 2025-26 ADMINISTRATIVE & GENERAL EXPENSE BUDGET

FY 2024-25 A&G PROJECTIONS

	Current FY 2024-25 Budget	Projected FY 2024-25 Actual	Under/ (Over) Budget	% Variance
Total Indirect A&G	\$ 5,693,400	\$ 5,372,245	\$ 321,155	5.6%
Total Direct A&G	4,508,120	4,279,503	228,617	5.1%
Total A&G	\$ 10,201,520	\$ 9,651,748	\$ 549,772	5.4%

FY 2025-26 A&G BUDGET

	Current FY 2024-25 Budget	Proposed FY 2025-26 Budget	Increase/ (Decrease)	% Variance
Total Indirect A&G	\$ 5,693,400	\$ 6,139,260	\$ 445,860	7.8%
Total Direct A&G	4,508,120	4,613,490	105,370	2.3%
Total A&G	\$ 10,201,520	\$ 10,752,750	\$ 551,230	5.4%

FY 2025-26 INDIRECT A&G BUDGET

- ▶ Salaries - Increase \$55,200
 - ▶ 18 positions; 1% increase in merit pool (\$28K); 3.22% COLA
 - ▶ Savings from restructuring of support for Program Development
- ▶ Employee Benefits - Increase \$154,900
 - ▶ Pension contributions
 - ▶ Amortization of Unfunded Accrued Liability
 - ▶ Employer normal cost
 - ▶ Soft Fresh Start additional contribution - \$65,823
 - ▶ Deferred Compensation Plan
 - ▶ Proposed \$50 increase in per month match

FY 2025-26 INDIRECT A&G BUDGET

► Medical insurance contribution

CY 2025 Monthly Contribution		
	Glendora	Sacramento
Employee	\$731.93	\$912.21
Employee +1	\$1,406.48	\$1,767.04
Family	\$1,891.81	\$2,360.54
Opt-Out Allowance	\$300.00	\$300.00

Proposed CY 2026 Monthly Contribution	
Glendora	Sacramento
\$800.51	\$996.53
\$1,524.46	\$1,916.50
\$2,038.04	\$2,547.69
\$500.00	\$500.00

FY 2025-26 INDIRECT A&G BUDGET

Other Changes from FY 2024-25 Budget

- ▶ Office Building Costs - Increase \$27,220
- ▶ Office Equipment and IT - Increase \$46,210
- ▶ Insurance (includes OPEB) - Increase \$19,500
 - ▶ OPEB - Retiree medical insurance - \$2,672 per month covering 6 retired employees
- ▶ Government Affairs (Sacramento Office) - Increase \$22,380
- ▶ Legislative Advocacy - Increase \$33,000
- ▶ Consulting/Other Services - Increase \$36,500

Net Indirect A&G Budget Increase of \$445,860 or 7.8%

FY 2025-26 DIRECT A&G BUDGET

Changes from FY 2024-25 Budget

- ▶ Outside Counsels - Increase \$67,000
- ▶ Auditing Services - Increase \$15,725
- ▶ Rating Agency Fees - Increase \$15,500
- ▶ Agent Billable Costs - Increase \$41,850

- ▶ Project Travel Costs - Decrease (\$9,350)
- ▶ Trustee Fees - Decrease (\$33,550)

Net Direct A&G Budget Increase of \$105,370 or 2.3%

FY 2025-26 A&G BUDGET

Finance Committee reviewed the A&G budget on April 7th and May 5th and unanimously recommended approval of the A&G Budget

Recommendation:

- ▶ Adopt Resolution No. 2025-024 approving the FY 2025-26 A&G Budget

CLASSIFICATION & SALARY SCHEDULE

CLASSIFICATION & SALARY SCHEDULE

- ▶ Apply 3.22% COLA to the current salary ranges for all positions
- ▶ Separate action from the Board is required by CalPERS

Recommendation:

- ▶ Adopt Resolution No. 2025-025 approving the revised Classification and Salary Schedule

THANK YOU



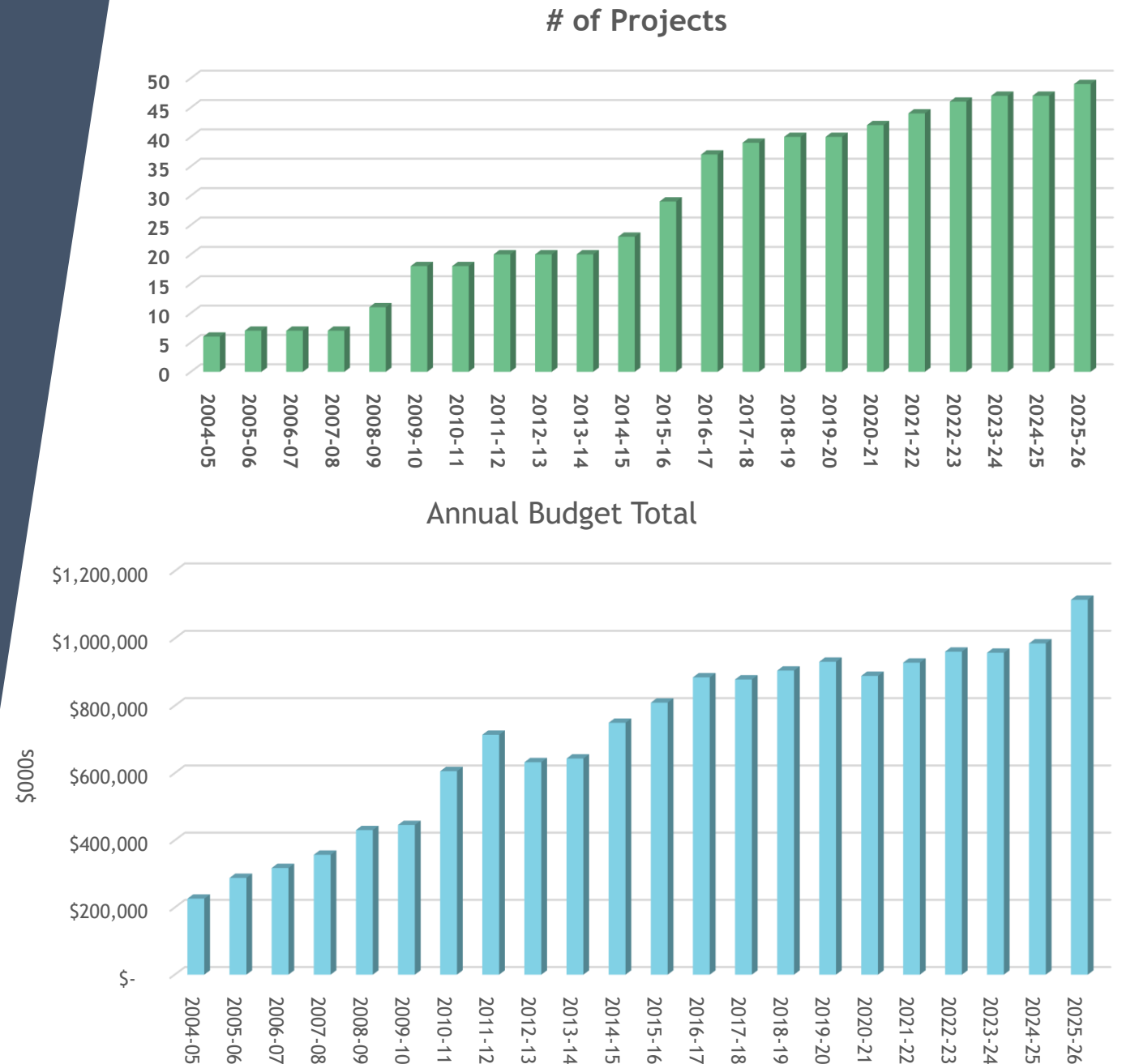
ASSET MANAGEMENT

CHARLES GUSS | *Senior Asset Manager*

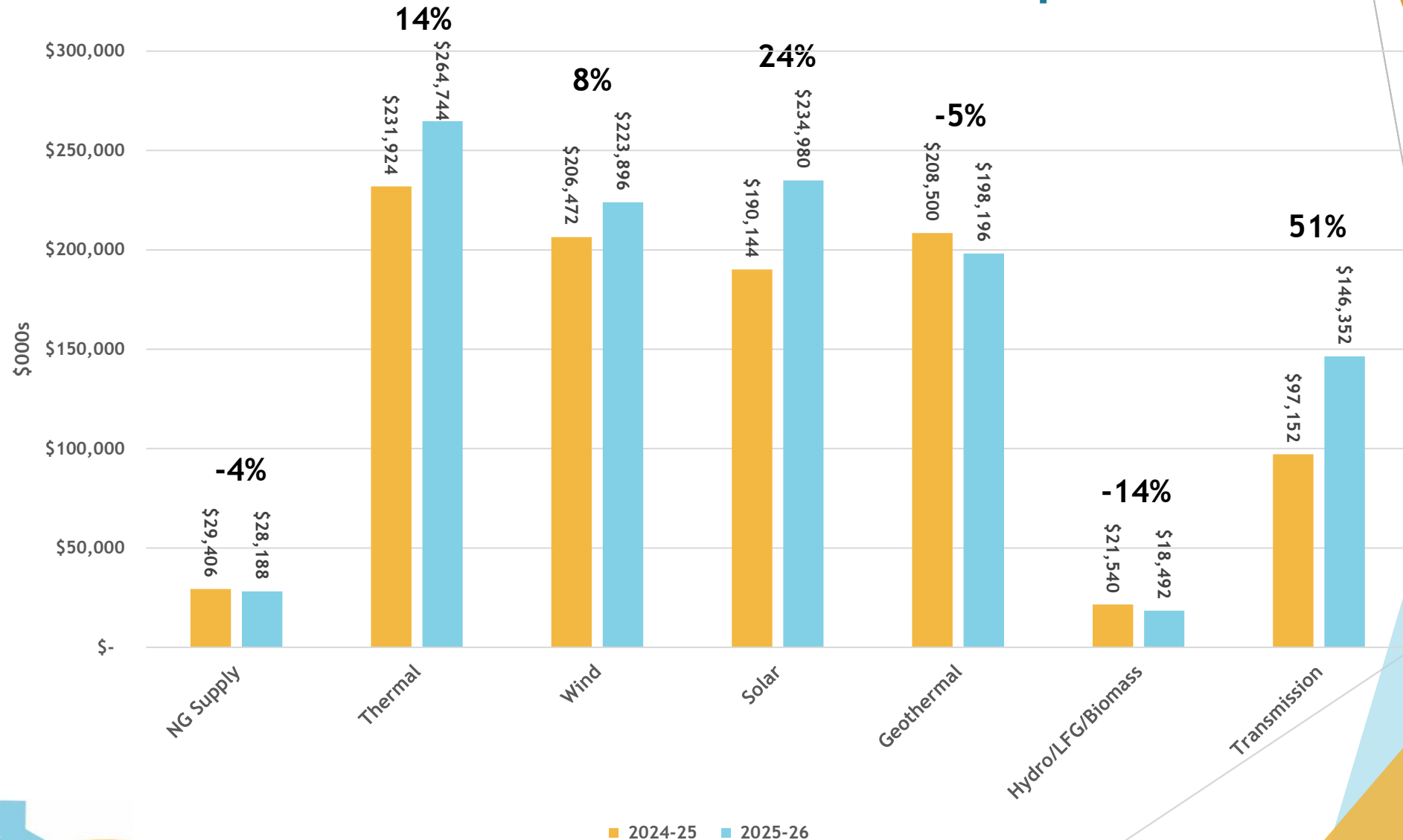
LUPE ROBLES | *Senior Utility Analyst*

Final Project Budgets Fiscal Year 2025-2026

- ▶ 49 Project Budgets
- ▶ 2 New Projects
 - ▶ Eland Solar 2
 - ▶ Clean Energy Project
- ▶ Totaling \$1.115 Billion
- ▶ Up 13.2% from FY 24-25



Project Budgets Year-Over-Year Comparison



FY 25/26 Budgets of Note

Natural Gas

- Pinedale: Reduction in Gross Taxes
- Prepay: Increase in the Expected Cost of Gas
- Barnett and Pinedale: No Expected Drilling

Thermal

- Apex: Increases in Debt, Capital, GE Maintenance, and Transmission Development
- Canyon: Increase in O&M
- Magnolia: Increases in O&M
- Palo Verde: Increases in O&M Renewals and Replacements, and APS A&G

Wind

- Higher Transmission Exchange Costs: Windy Flats, Pebbles Springs, and Linden
- Milford I and Windy Flats: Includes Excess Energy

Solar

- New Project Budget: Eland 2
- Generation Forecasts: Slight Reductions for Most

Geothermal

- Heber 1: Includes Additional PPA Payments for FY 24/25 Budget Shortfall
- Generation Forecasts: Slight to Moderate Reductions for Most

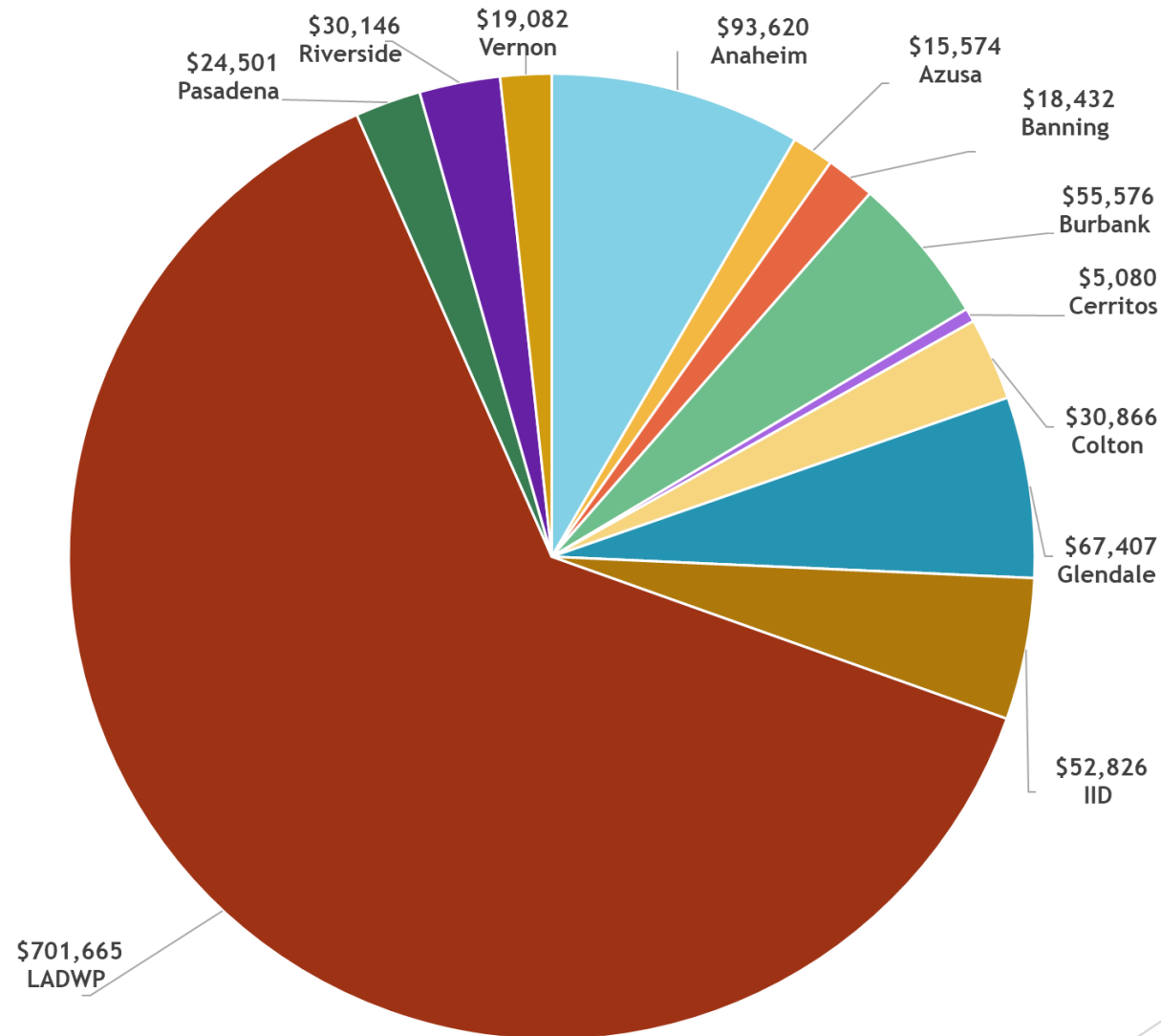
Hydro/Landfill Gas/Biomass

- Chiquita Canyon: Continues Offline
- New Project: Clean Energy Project

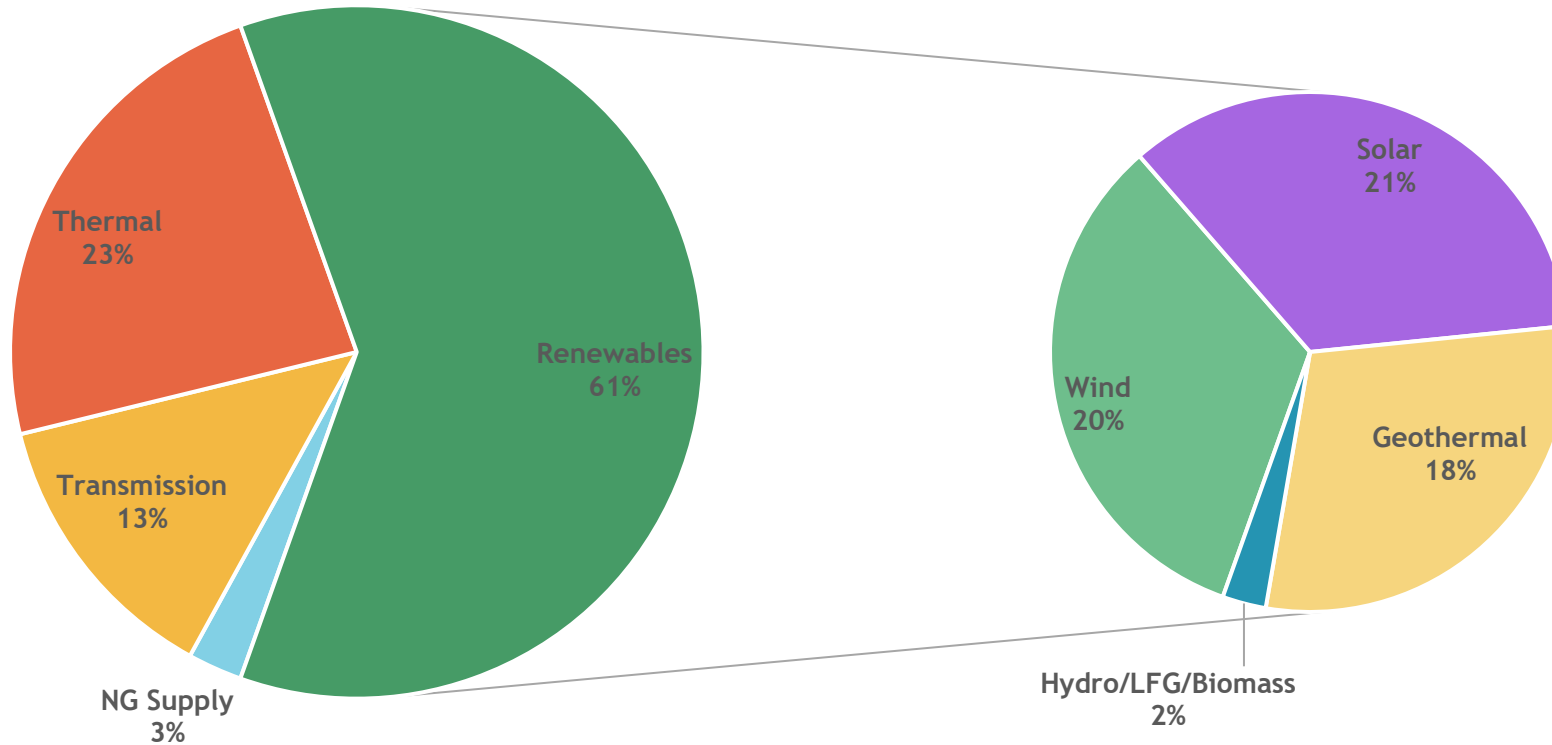
Transmission

- Mead-Adelanto: Reduction in Capital Costs
- Mead-Phoenix: Increase in Capital Costs
- STS: Increase in IPA Billings
- STS Renewal: Increase in Debt Service

SCPPA Project Budget Share by Member (\$000s)



SCPPA Project Budgets by Resource Type





Budget Resolutions 2025-026 to 2025-074

Submitted For Approval



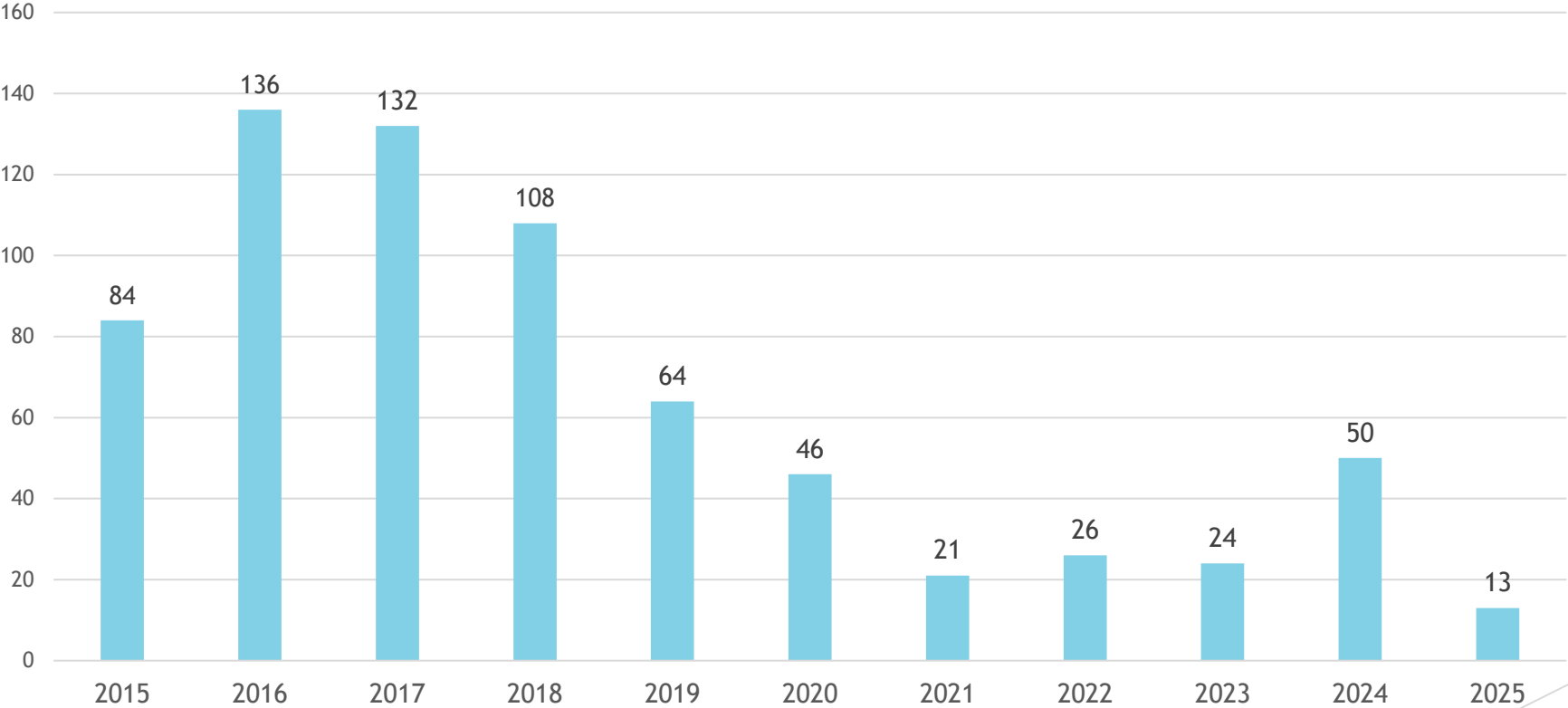
SCPPA

PROJECT DEVELOPMENT

RANDY KRAGER | *Sr. Project Development Manager*

JOHN QUAN | *Principal Utility Analyst*

Renewable Proposals Submitted (2015-2025)



2025 Risks Inhibiting RFP Proposal Submittals and Negotiations

▶ Risks for Buyer

- ▶ Increased Contract Price
- ▶ Future Amendments
- ▶ Delays in COD
- ▶ Risks of Terminating Effective Contracts
- ▶ Meeting Compliance
- ▶ FCDS (Deliverability) Awards and Delays
- ▶ Limited Staff Resources

▶ Risks for Seller

- ▶ Tariffs impose increased costs (Equipment- Panels, BESS, Transformers, etc.)
- ▶ Competition for Suppliers (other Developers, Tech Companies)
- ▶ IRA Elimination or haircut scares
- ▶ Financing issues from Lenders
- ▶ Interconnection Delays from TOs

QUESTIONS ???



GOVERNMENT AFFAIRS

MARIO De BERNARDO | *Director, Government Affairs*

ELISABETH de JONG | *Manager, Regulatory Affairs*

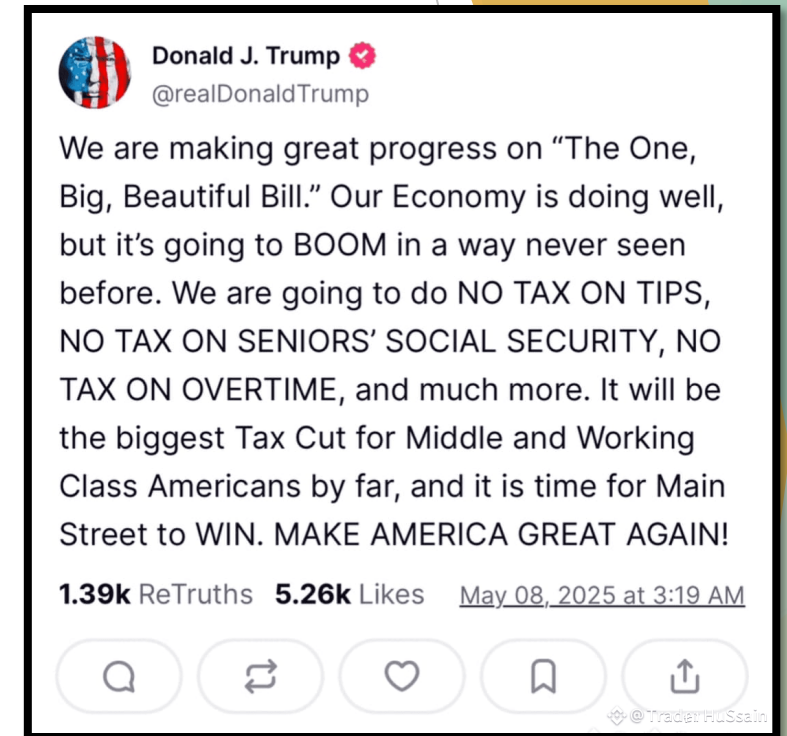
NATALIE SEITZMAN | *Manager, Legislative Affairs*

Federal Update

“One Big, Beautiful Bill”

President Trump’s Tax Bill Priorities

- ❑ Price Tag: ~\$4 Trillion Over 10 Years
- ❑ Preserve 2017 Tax Package
- ❑ Campaign Promises
 - No Tax on Tips
 - No Tax on Social Security
 - No Tax on Overtime
- ❑ Increase Funding for Border Security
- ❑ Raise Debt Ceiling



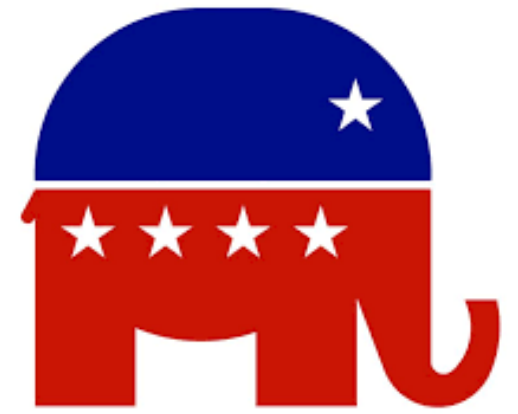
Tax Bill Politics in House

Fiscal Hawk Republicans

- Bill Can't Add to Deficit
- Offset Debt Ceiling Increase with Equal Spending Cuts

Moderate Republicans

- Concerned with Medicaid Cuts to Millions
- Raise State and Local Tax (SALT) Deduction
- Cautious about Cuts to Energy Incentives



SCPPA's Concerns



Elimination of Tax-Exempt Municipal Bonds

Federal Rally Priority #1

SCPPA April 1 Letter to Congress & Treasury
SCPPA Members Assisted with Bipartisan
Support (25 Reps Sign April 4 Letter)



Elimination of Inflation Reduction Act Energy Credits

Federal Rally Priority #2

SCPPA Targeted Lobbying of Rep. Young Kim

House Ways & Means Energy Proposals (Released Monday)

No Repeal of Tax-Exempt Municipal Bonds Included

Phaseout of Inflation Reduction Act Energy Credits
(See Next Slide)

Ends Several EV, EE & Residential Clean Energy
Incentives



Energy Credit Phaseout

Resource	Tax Credit Phaseout
ITC/PTC/Direct Pay	<u>Placed in Service</u> <ul style="list-style-type: none">• Before 2029: 100%• 2029: 80%• 2030: 60%• 2031: 40%• After 2031: 0%
Nuclear	Same as ITC/PTC/Direct Pay (Applies to All Nuclear)
Hydrogen	Eliminates Credit for Projects that Start Construction after 2025

Initial Senate GOP Response to Energy Provisions

Sen. Kevin Cramer (R-North Dakota)

- Phaseout is Too Short for New Technologies
- Wants to Protect Advanced Nuclear and Geothermal
- OK with Phaseout for Solar & Wind

Sen. Shelley Moore Capito (R-West Virginia)

- Expects Blanket Repeal to Change in Senate

Sen. John Hoeven (R-North Dakota)

- Wants to Protect Biofuels

Four Other Senate Republicans in April 9th Letter

- Support Credits for Job Creation and Affordability



Next Steps

- **House Speaker Aims for Floor Vote by Memorial Day**
- **Focus Will Shift to Senate**
- **SCPPA Coordinating with APPA on Strategy**

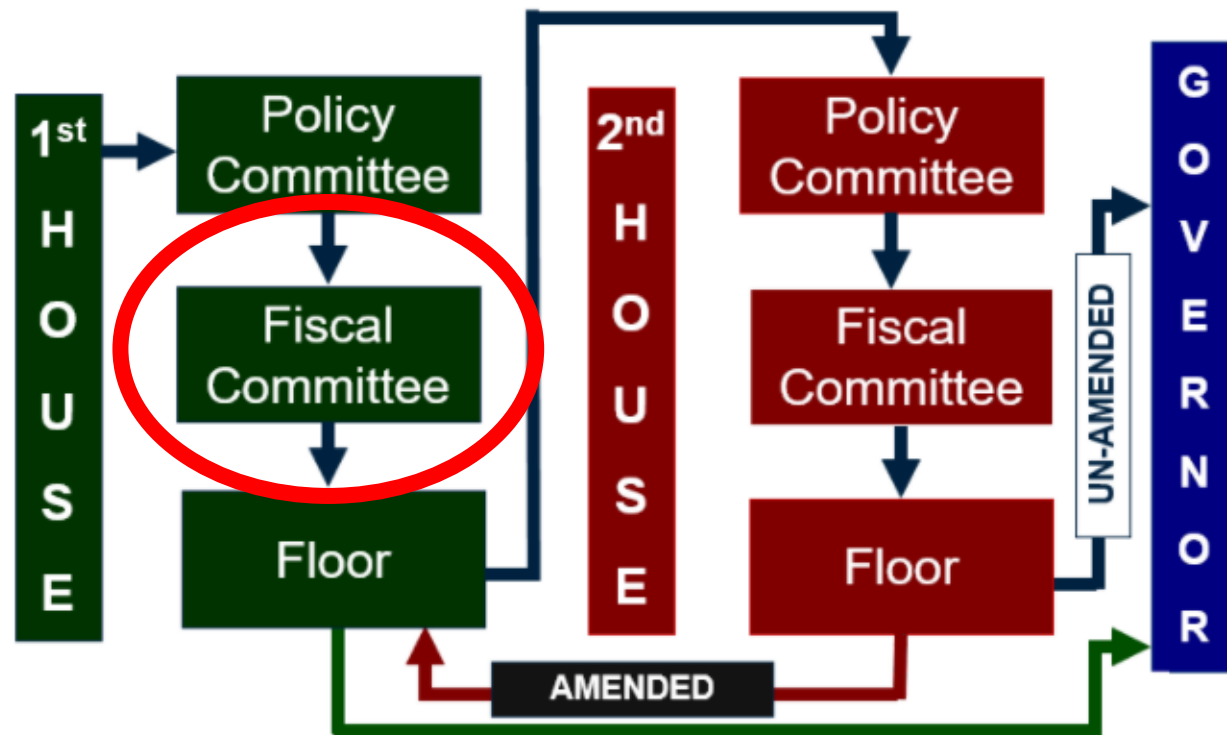


State Legislative Update

State Legislative Calendar

Legislative Process

"How a Bill Becomes a Law"



Notable Dates:

May 23: Last day for fiscal committees to hear bills in their house of origin

June 6: Deadline for Floor votes in house of origin

Cap-and-Trade Update

- ▶ **Big 3 Commit to Cap & Trade Legislation in 2025**
- ▶ **Governor Budget May Revise This Week**
 - Expected to Include Cap-and-Trade Reauthorization
- ▶ **SCPPA Leading Cap-and-Trade POU Coalition**
 - Joint-POU Coalition Signed Off on SCPPA C&T Proposed Bill Language



POU Cap-and-Trade Proposal

Top Priority

- Post 2030 “Free Allowances”
- Flexible Use of Allowances
- Regulatory Certainty
 - Pre-2030 Allowance: Codify (at a minimum) Table 9-4
 - Post-2030 Allowances

Recommendations in Response to Affordability Movement

- Allow for Extra Allowances
- Greenhouse Gas Reduction Fund

POU Cap-and-Trade Proposal

Joint-POU Advocacy Meetings with C&T Leaders

- ▶ Assembly Speaker's Staff
- ▶ Senate pro Tem's Staff
- ▶ Assemblymember Jacqui Irwin
- ▶ Senator Monique Limon

POU Cap-and-Trade Proposal

Assemblymember Jacqui Irwin Meeting (5/13)

- Supportive of Maintaining Free Allowances
- Supportive of POU Flexible Use of Allowances, but Needs:
 - Background Info on POU Use of Allowances
 - Assurances DG and Low Income Covered
 - Process for POUs to Periodically Reevaluate Use of Allowances
 - Method to Inform Customers about C&T Benefits
- Seems Supportive of POUs' Call for Regulatory Certainty



SB 540 (Becker) - Pathways Bill Update

Troubling New Amendments

- New Triggers for Automatic Withdrawal of California IOUs
- Concern: Triggers Will Discourage Participation

Fallout

- NCPA Now “Oppose Unless Amended”
- CMUA Likely “Oppose Unless Amended”

SCPPA Position Recommendation

- Oppose Unless Amended



Senate Pro Tem Affordability Package

- Senate pro Tem Mike McGuire Announces Affordability Package
- Includes SB 254 (Becker)
- 102 Page Electric Affordability Bill
- SCPPA Support if Amended Position



SB 254 (Becker)

POU Wildfire Mitigation Plans

- ▶ Deletes
 - Annual plan update
 - 3-year Comprehensive Review
- ▶ Replaces it with “at least every four years on a scheduled determined by [WSAB]”
- ▶ Similar to SB 1003 (Dodd, 2024), which SCPPA Supported
- ▶ SCPPA Strongly Supports



SB 254 (Becker)

Policy-Oriented and Wildfire Electric Reimbursement (POWER) Program

- Fund for IOU & POU Expenses Driven by Policy Goals
 - Transportation and Building Electrification
 - Energy Efficiency Programs
 - Low-Income Programs
 - Distributed Energy Incentives
- Does Not Include Clean Energy Infrastructure
- No Funding Source Specified (Likely a Budget/C&T Bill Item)
- No Formal POU Advisory Role Included



SB 254 (Becker)

Clean Energy Infrastructure Authority Act

- Establish Intra- & Inter-state Transmission Corridors
- Focus is to Develop Necessary Transmission Infrastructure
- Power of Eminent Domain and Issuing Bonds
- Include Provisions on Respecting POU Jurisdiction
- Needs Clarification to Prevent Interference with POU Projects
- Needs Clarification on Joint-Projects with POU
- No Formal POU Advisory Role Included



SB 254 (Becker)

Other Provisions

- CEC Programmatic EIR for Battery Storage Projects
- Next \$10 Billion in IOU Energy Capital Expenditures Cannot Be in Equity Rate Base
- Requires IOU General Rate Cases to Include Scenario with an Inflation Cap
- Lots of Other IOU-Specific Sections

State Regulatory Update

CARB: Advanced Clean Fleets

- ▶ AB 1594 Rulemaking Paused
- ▶ Currently: Technical Fleet Managers Meetings with CARB
- ▶ June: Joint-POU Pre-Rulemaking Meeting with CARB
- ▶ SPPA Coordinating with Senate Budget on May Hearing



2025 SCPPA Policy Staff Tour

- July 23 - 25 (Wed-Fri)
- Theme: Public Power. Public Service.
- Day 1
 - LADWP: Truesdale and Castaic
 - SCPPA Board Dinner (Los Angeles)
- Day 2
 - BWP: Lineworker Demonstration, Key Customer Tour
 - RPU: Customer Service Center, Permitting Office, Key Customer Tour
- Day 3
 - Hoover Dam



Closed Session In Progress