



DRAFT

UTILITIES ADVISORY COMMISSION MEETING - SPECIAL MEETING MINUTES OF AUGUST 31, 2016

CALL TO ORDER

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

Present: Chair Cook, Vice Chair Danaher, Commissioners Ballantine, Forssell, Johnston, Schwartz, and Trumbull (Vice Chair Danaher arrived at 7:08 p.m. during the Utilities Director Report)

Absent: Council Liaison Scharff

ORAL COMMUNICATIONS

David Carnahan, Deputy City Clerk, encouraged community members to volunteer for Boards and Commissions. Currently there are recruitments going on for 3 positions on the Historic Resources Board, 4 positions on the Parks and Recreation Commission, 3 positions on the Planning and Transportation Commission, and 2 positions Storm Drain Oversight Committee.

APPROVAL OF THE MINUTES

Commissioner Trumbull moved to approve the minutes from the June 1, 2016 UAC meeting and Commissioner Ballantine seconded the motion. The motion carried unanimously (6-0) with Chair Cook, and Commissioners Danaher, Forssell, Johnston, Schwartz, and Trumbull voting yes and Vice Chair Danaher absent.

AGENDA REVIEW AND REVISIONS

Chair Cook announced that the New Business Item #2 would be heard before New Business Item #1.

REPORTS FROM COMMISSION MEETINGS/EVENTS

Commissioner Schwartz gave an update on recent events she attended:

1. The U.S. Department of Energy convened six regional workshops across the country to obtain stakeholder input on DOE's grid related R&D Plan as well as a proposed demonstration strategy that are both outlined in the Grid Modernization Multi-Year Program Plan. The sixth workshop was held on the Stanford campus on June 7 and 8. Commissioner Schwartz served as a facilitator to help DOE understand the challenges and opportunities stakeholders in the western region face as DOE works to make sure their research is aligned with industry's needs. While she did make an effort to bring this event to the attention of our utility staff, Council and UAC, she unfortunately was the only person from the UAC, the Council or the utility staff in attendance.

2. On July 11-13, Commissioner Schwartz traveled to Washington DC for the National Town Meeting on Demand Response and Smart Grid. This is the premier event in the US focused on the business and policy aspects of demand response and its enabling technologies

and applications. It is now run by the Smart Electric Power Alliance, which is the organization resulting from the merger of the Association for Demand Response and Smart Grid and the Solar Electric Power Association of which our utility is a member.

3. The conference is unique in that it devotes an entire day to roundtable discussions featuring experts in demand response and smart grid, who discuss with each other and with the audience the latest trends, issues, and business developments. The National Town Meeting also features panel discussions, case studies, and presentations of best practices. Another hallmark is attendee engagement, whether through Q&A sessions with top business leaders and policymakers, through formal electronic voting, or through the National Town Meeting's reception and other networking sessions. Commissioner Schwartz's formal role was to organize the breakout track on customer engagement which included five sessions on innovations in communication, program design, responding to customer-driven technology adoption, use of data analytics and commercial and industrial programs.

4. On July 24, Commissioner Schwartz addressed the staff subcommittee on Consumer Affairs at the summer Meeting of NARUC (National Association of Regulatory Utility Commissioners.) Commissioner Schwartz presented findings from a recent research project on what other industries that target low Income consumers have to teach the utility industry and its regulators. Another session Commissioner Schwartz attended featured CPUC Commissioner Catherine Sandoval speaking about the impact the upcoming closing of the Aliso Canyon gas field will have on transmission and availability of electricity across the state. It did sound like this could be a factor in Palo Alto's ability to obtain power from our renewable generation resources down south when there are significant shortages and constraints in Southern California. One of her other takeaways is how much effort, NARUC commissioners and their staffs make to understand these complex issues. Commissioner Schwartz appreciate that as a volunteer body it is not realistic to expect us to make similar investments of time, but as she discussed with the Council members during her interview, we need to improve our methods for educating ourselves on the issues in our purview.

UTILITIES DIRECTOR REPORT

1. **Advocacy for Electrification:** On August 30, California Energy Commissioner Hochschild invited CPAU staff Shiva Swaminathan and Christine Tam to present on electrification initiatives within Palo Alto to the CEC. The presentation covered four areas under evaluation: customer programs to incentivize replacement of gas appliances with electric alternatives, building code changes to require electric appliances for new construction and renovation projects, changes to the utility rate structures, and support for electric vehicle adoption. The presentation also discussed the role of electrification to meet the Governor's greenhouse gas reduction goal of 80% by 2050, and how policy makers, utilities, local governments can coordinate their efforts to support electrification.
2. **Western's 2025 Power Marketing Plan:** The Western Area Power Administration (Western) has officially started the development of its 2025 Power Marketing Plan. The Plan sets allocations and terms for marketing energy after 2024 when the current Western Base Resource Contract expires. The proposed 2025 Marketing Plan would extend the current Western Base Resource Contract 30 years through 2054 with allocations up to 98% of current allocations. Palo Alto submitted comments on the plan to include certain termination, allocation reduction and cost containment provisions. Western will publish the Final 2025 Power Marketing Plan in June 2017. Staff will bring this item to the UAC and Council for discussion along with a tentative schedule and decision points.

3. **Net Energy Metering (NEM) Successor Program**: On August 22, City Council approved the NEM Successor Program and directed staff to develop alternatives to the NEM transition policy. Council also directed staff to use a modified method to calculate the NEM cap, which will increase the cap from the prior cap of 9.5 MW. Staff will present the results of these findings to the UAC at its October meeting. Staff is developing communication materials to inform customer and industry affiliates about the transition to the NEM Successor Program after the new cap has been reached.
4. **Live Demo of Emergency Response to Utility Line Strikes**: In June, CPAU and Office of Emergency Services played a leading role in demonstrating emergency response to an accidental gas and electric line “dig-in.” The event highlighted the importance of safety prevention measures for excavation. Senator Jerry Hill provided a keynote address with praise for Palo Alto’s safety practices.
5. **The 2015 Consumer Confidence Report** on water quality is available online in English, Spanish and Mandarin at cityofpaloalto.org/waterquality. Customers may contact us to request a printed version. The City also provides a copy of the [2016 Public Health Goals Report](#) at this water quality webpage.
6. **Groundbreaking for San Francisquito Flood Control Project**: On August 5, the City celebrated groundbreaking on a major flood control improvement project for San Francisquito Creek, along with partners of the Creek JPA, Santa Clara Valley Water District, Cities of East Palo Alto, Menlo Park, San Mateo County Flood Control District, members of the state Senate and Assembly, and US Fish and Wildlife Service.
7. **Gas Safety Awareness**: CPAU is required to maintain a public awareness outreach plan about gas safety, which includes distributing an annual gas safety awareness brochure. These brochures were mailed in August to all customers, non-customers living around a gas pipeline, locators, excavators, contractors and plumbers working in and around Palo Alto. This brochure is available online in English, Spanish and Mandarin at cityofpaloalto.org/safeutility
8. **Joint UAC/Council Meeting**: The City Clerk’s office scheduled the Joint Study Session between the Council and the UAC on October 17.

The September 7 UAC meeting has been cancelled. The next regularly scheduled UAC meeting is October 5.

COMMISSIONER COMMENTS

None.

UNFINISHED BUSINESS

None.

NEW BUSINESS

ITEM 1. ACTION: Selection of Potential Topics for the Joint Study Session with Council

Ed recommended that the UAC brainstorm some ideas and then Chair and Vice Chair meet with the Mayor and Vice Mayor to determine an agenda for the October 17 joint meeting.

Chair Cook reminded the commission that the 5 topics that came out of the last joint meeting were recycled water, second transmission line, electrification, fiber-to-the-premises (FTTP), and undergrounding of electric distribution lines.

Commissioner Ballantine said that he supported discussing a second transmission line, microgrids, and other grid resiliency issues.

Commissioner Schwartz suggested the topic of education of the commission and how to bring information from outside sources and best practices to ensure that decision-makers have the latest information. She said that the City of Palo Alto Utilities is not on the leading edge and not the most informed and able to see the most important priorities.

Public comment

Jeff Hoel said that the most important thing is to get square with Council about what should be done with respect to agenda control, verbatim minutes, UAC responsibility for FTTP, and a new electric connection.

Commissioner Trumbull agreed that the UAC should determine the UAC's responsibility with respect to fiber. He said that the capital budget could be adjusted such that when there are dips in costs, CIP expenditures can be accelerated.

Interim Director Shikada said that there is one more UAC meeting before the October 17 joint meeting so that topics could be discussed at the October 5 UAC meeting.

Commissioner Schwartz asked if there be a new Utilities Director by then since there could be a difference in communication styles. In her interview with the Council, the idea of a report to the Council from the UAC could be discussed.

ACTION:

None.

ITEM 2. ACTION: Recommendation that Council Approve a Carbon Neutral Natural Gas Portfolio Plan to Achieve Maximum Carbon Neutrality Using a Combination Of Offsets and Biogas in the Gas Supply Portfolio by Fiscal Year 2018 with No Greater than 10¢/Therm Rate Impact; and Related Termination of the Palo Alto Green Gas Program

Senior Resource Planner Karla Dailey provided a presentation summarizing the written report.

Chief Sustainability Officer Gil Friend said that the Sustainability/Climate Action Plan (S/CAP) includes a plan to get to a carbon neutral utility and an aspirational goal of a carbon neutral city. He said that moving to an electrified city will be a long and complex process. He said the proposed program is a bridge to using less natural gas and that a comprehensive approach including offsets, biogas, efficiency and electrification will be necessary to achieve the city's

long-term goals. He pointed out that buying offsets provides capital for more projects in the U.S. and potentially locally.

Public Comment

Sandra Slater said that proposal is an interim strategy to get to carbon neutrality as soon as possible and offsets are a good tool to use for the time being. The price signal that the program cost provides will encourage gas efficiency and electrification of gas appliances. She suggested the money currently used to market the voluntary program could be redirected to efficiency and fuel switching programs. Offsets are not a “pass” for consumers as evidenced by the fact that Palo Altans continue to conserve electricity despite the carbon neutral electric supplies.

Lisa van Dusen said that we must do everything and the beauty of this is that it can be done now and shows an intention to reduce carbon emissions in the long term. We have policies in place such as the 2009 proclamation to include environmental externalities and the S/CAP goal to reduce greenhouse gas (GHG) emissions by 80% by 2030. It may be faulted as not enough or too much, but it’s a good move in the right direction.

Vice Chair Danaher said that the UAC received a comment from a member of the public who pointed out the proposed offset purchases do not cover fugitive methane losses from natural gas production and transportation. Vice Chair Danaher added that methane is as bad as coal due to the fugitive emissions. Commissioner Ballantine said that that position is not reflected in any DOE report that he searched for. Commissioner Schwartz agreed that the coal and natural gas are not considered to be equally bad by industry experts.

Vice Chair Danaher said the proposed program is a good starting point and asked about the value of purchasing biogas. Dailey confirmed biogas is more expensive than offsets and it is Council’s prerogative to decide whether biogas is worth including. Commissioner Danaher asked where the methane comes from. Dailey explained the gas comes from landfills and agriculture, mainly dairy farms.

Commissioner Ballantine said that if the source is dairy farms, then avoided methane emissions need to be considered. Dailey explained that offsets are generated by preventing methane from entering the atmosphere and the resulting biogas is a renewable fuel. A specific project can produce both offsets and renewable biogas.

Commissioner Trumbull said that the request is fine, but he would like to get off gas as soon as possible. He suggested that rather than buying biogas, extra funds be used for electrification.

Commissioner Johnston asked about the monthly bill impact of the 10 cent per therm rate increase. Dailey answered that an average residential customer’s winter bill would increase by a little more than \$5 per month and pointed to a chart in the written report with the detail.

Commissioner Forssell clarified the proposed amount of carbon to be covered by offsets is only that combusted in town and does not include methane leakage from the production fields or leaks in the transportation system. Assistant Director Jane Ratchye said leakage in the distribution system is covered. Commissioner Forssell asked about leakage data, and Ratchye said we know the difference between purchases and sales, but that some of the difference is

due to mechanical meters operating slowly and not measuring all the gas flow so that the difference cannot all be attributed to leaks.

Commissioner Schwartz pointed out that the strategic plan says customers should be offered choices for managing their environmental footprint, but this proposed program does not offer consumers choices and asked if the strategic objective needs to be changed. Ratchye said that the supply source is a Council decision similar to the decisions made regarding the composition of the electric supply portfolio. Commissioner Schwartz disagreed. She said where the electricity comes from is irrelevant, but if she is being told she can't have an electric stove, that is a problem. Ratchye explained again that the proposal is about the gas supply portfolio and not about electrification.

Commissioner Forssell observed there may be confusion between electrification efforts versus the proposed carbon neutral gas portfolio.

Commissioner Schwartz asked if we need to change the strategic plan. Interim Director Ed Shikada said that the strategic plan will be updated.

Commissioner Schwartz said biomethane is not very hard to come by. She said Apple can't find biogas to serve its facilities. Dailey replied there is biogas available but very little in California. She explained that the plan is to get gas elsewhere and displace it in accordance with the federal renewable fuels rules. She said she has talked to all of the City's regular gas suppliers and there is biogas available. She explained the some biogas producers are interested selling a portion of their production for at a longer term at a fixed price discounted to the spot price in order to diversifying their sales portfolios.

Commissioner Schwartz said if we are pushing everyone to electrify, we should talk about that in the future.

Commissioner Ballantine said he likes the flexibility of the proposal that allows more biogas to be included as it becomes available. Natural gas infrastructure is more resilient than electric infrastructure. He said that, if and electric outage occurs, it would be a dark day in Palo Alto if all is electric. He said the proposal is good because it includes biogas at a modest rate increase while we start to work on initiatives to improve the resilience of the electric grid. He added that this action helps to support a biogas marketplace and level the playing field for other ways to get heat, including solar thermal heating. He also noted that energy efficiency and the incentive to reduce local leaked gas is valued more.

Vice Chair Danaher said he likes the flexibility of the proposal to maximize biogas.

Chair Cook said he likes the staff proposal and appreciates the public comment. He pointed out Carbon Free Palo Alto's caution that it will be a distraction from the real goal of electrification to reduce GHG emissions and might discourage fuel switching. He noted the differences between the carbon neutral electric portfolio and the proposed carbon neutral gas portfolio but suggested we test the hypothesis by determining whether the carbon free electricity dampened the penetration of rooftop solar. He said helping to build a biogas market may lead to lower prices as has happened with renewable electricity, and this program signals a move away from the GHG emissions associated with natural gas usage.

Commissioner Schwartz asked if staff has done an analysis of where the electricity comes from with electric used for heating, positing that additional electric load may cause the use of more gas to power electric generation. Dailey answered that this proposal has nothing to do with electric generation or increased electric usage.

Commissioner Ballantine asked if we electrify, would we increase our GHG footprint without realizing it. Ratchye said that a discussion about electrification will happen at a later date.

ACTION:

Vice Chair Danaher made a motion that the UAC recommend that Council approve a Carbon Neutral Gas Plan to achieve a carbon-neutral gas supply portfolio starting in Fiscal Year 2018 with a rate impact not to exceed ten cents per therm; and terminate the PaloAltoGreen Gas Program established by Resolution 9405. Commissioner Forssell seconded the motion. The motion passed (6-1) with Chair Cook, Vice Chair Danaher and Commissioners Danaher, Forssell, Johnston, and Trumbull voting yes and Commissioner Schwartz voting no.

ITEM 3. DISCUSSION: Discussion and Status Update Concerning City Initiatives on Fiber-to-the Premises and Wireless Network Issues, Including Work Related to Potential Google fiber and AT&T GigaPower Deployments and Co-Build Opportunities in Palo Alto

Chief information Officer Jonathan Reichental, Information Technology Senior Technologist Todd Henderson and Utilities Senior Management Analyst Jim Fleming provided a presentation summarizing the written report. The presentation included updates regarding the history of the dark fiber optic backbone network, the history of previous fiber-to-the-premises initiatives, wireless plans, the status of Google Fiber and AT&T GigaPower, and a progress report on the various City Council Motions from the September 28, 2015 and November 30, 2015 Council meetings related to various fiber and wireless initiatives.

Public Comment

Jeff Hoel said he previously provided comments to the Council and UAC in the writing after the Council's August 16, 2016 Policy and Services Committee meeting, which included an update about the above-noted items and the staff presentation at that meeting. Commissioners can refer to those comments. He added that Google Fiber's current status is an example of why the City should not depend on the private sector to do our fiber. It should be municipally done. He said at the August 16 2016 Policy and Services Committee meeting, Jonathan Reichental stated that a network should be "open access." He does not disagree with open access in principle, but Google Fiber never promised open access. He provided an example of a municipal fiber network being built in Ammon, Idaho where residents will pay a significant amount of money upfront for fiber service. The City of Ammon studied this model in 2012, but it was considered to be infeasible; however, they decided to go ahead with the project anyway. Ammon's model will allow any Internet Service Provider (ISP) who wants to provide services to connect with the system for only the same amount of cost that the user would pay to connect to get the services. This would be a good deal for the ISPs, who have traditionally been plagued by problems providing services over open access networks and as a result did not show up.

Herb Borock referenced what Jeff Hoel spoke about regarding Google Fiber's description of what their fiber system would be. There were originally two messages from Google. The initial

message was that any ISP could be on the system, but then the message was changed to an approach where consumers could buy any services, but Google Fiber would be the only ISP available on the system. He also referenced the discussion between Commissioner Forssell and Jonathan Reichental about Google Fiber's decision to pause their fiber build in Silicon Valley. He stated that Google has already provided the City of San Jose with a building schedule. If anyone is interested in how much time the build will take, in addition to the number of work crews deployed and various build schedules, you can go to San Jose's website and look at the May 24, 2016 City Council agenda packet. The staff report stated that Google has contracted with Ericsson to both design and build the fiber system.

Commissioner Ballantine recalled that former UAC Chair Jonathan Foster made a proposal about a year ago to ask the Council to somehow put fiber to a vote. At a subsequent meeting, a staff update stated that AT&T had reviewed their GigaPower construction plans for the cabinets and the total was 10. He asked if that was wrong or was it actually just the two that have been approved. Reichental recalled it was two. Commissioner Ballantine asked what happened to the other 8. Reichental said that there will be another set of cabinets after the first two and then another set after that. Commissioner Ballantine said that we've made progress, but less than what we want and Jeff Hoel's past comments are coming to pass and his general thoughts are that we should talk to Council if this is something we need to do and let's all vote as opposed to waiting for it; it doesn't appear it's going to happen with Google and AT&T may take a number of years.

Commissioner Schwartz asked if in staff's conversations with Google Fiber whether there's a sense that the cost to build fiber-to-the-premises doesn't make sense anymore and what prompted this change to wireless. Reichental replied that from what has been written in the newspapers, it can be summarized in three components: 1) fiber builds are more expensive than anticipated, 2) building fiber is harder to do, and 3) its taking longer than expected. Commissioner Schwartz asked if these components would be the case if we did it ourselves. Fleming said that building FTTP is very expensive because it would be a competitive "overbuild" market, but the City has an advantage, because it would have easier access to utility poles which is a barrier for some private builders.

Vice Chair Danaher said he would welcome a chance for a creative discussion, which may include creating incentives for AT&T to move faster. Fleming said that the public-private model is also worth looking at because each party assumes some portion of the risk in building and operating the network.

Commissioner Forssell asked what does "overbuild" mean. Fleming replied that an overbuild occurs when a private fiber builder or a municipal builder constructs a new network that is built next to the existing telco and cable TV networks.

Commissioner Forssell asked what the difference is between a co-build and a public-private partnership. Fleming replied that a co-build model is a unique approach that the Council asked staff to explore with Google Fiber and AT&T. A co-build could involve Google or AT&T and the City cooperating and sharing costs to build two networks side by side. A public-private partnership is a model where the City and a private firm would build one network under an agreement. Commissioner Forssell asked if the third party would be inviting competition into their own investment if a co-build occurred. Fleming said that interpretation hit the nail on the

head. Commissioner Forssell also asked if a public-private partnership would involve the City and the partner building and operating together and reaping the financial benefits? Fleming replied yes.

Commissioner Forssell asked who regulates this industry. Fleming said it's regulated by the FCC and the CPUC in terms of franchising for video services under the Digital Infrastructure and Video Competition Act of 2006.

Commissioner Johnston says he understands that Google Fiber has paused, AT&T is moving slowly and we've received responses to the RFI as a potential alternative. Commissioner Johnston asked when the evaluation of the RFI responses will be completed. Fleming replied that it should be done in the next 60 days, and added there were few responses. Fleming added that a possible reason for the lack of responses may be due to the uncertainty about whether Google Fiber will enter the Palo Alto market. Commissioner Johnston said he is in agreement with Commissioner Ballantine that he would like the City to move forward even though we're stopped for now.

Vice Chair Danaher said there's been speculation in the press that Google Fiber was not serious and they just wanted to prompt the others to improve their existing networks. This is what Jeff Hoel said at least a year ago and we should aggressively explore other options.

Commissioner Schwartz said she ran into the Ammon, Idaho fiber project manager at a conference and discussed Palo Alto's situation. The project manager said their plan will work in Ammon because there are no incumbents and they're underserved. The project manager said he wouldn't recommend doing it (i.e. FTTP) in Palo Alto because there are so many incumbents. Commissioner Schwartz said that Palo Alto has access to broadband whether or not you like the prices and the providers. Nobody is unserved. Applications that require access to fiber don't really exist yet except for some corporations developing customized apps and they can buy access to fiber.

Commissioner Schwartz said that in addition to Vice Chair Danaher's recommendation to incentivize AT&T, the City should explore if there's a way to use some of the fiber reserve to support someone developing an application and bringing fiber to them. Perhaps set aside \$2 million for a grant program.

Commissioners Ballantine and Schwartz discussed how video based apps get bogged down at certain times of the day on the existing networks. Commissioner Ballantine said it's not necessarily the amount of bandwidth in his house or how fast his computer is, but the bandwidth provided to his neighborhood may not be sufficient at certain points of the day such as 7:00 pm. Commissioner Schwartz said she has experimented with using Apple TV rather than her computer to solve the problem if the goal is to use entertainment apps so they don't get bogged down; a \$70 million FTTP overbuild might be overkill to solve the problem.

Vice Chair Danaher said he agreed that the price estimate is very high. Jeff Hoel said it may actually be lower or in practicality may be higher; it's a deep concern. He thinks it will generate a lot of new applications and new businesses. If you build it first and then things come, it's good public policy for the City. This is one case where staff was more on the trailing edge than some people on the commission last year who were more on the leading edge; however,

spending \$70 million is a lot and we ought to look for ways, and one way to incent it may be to tell AT&T we'll subsidize Palo Alto people who sign up to make sure they get enough takers in the first year.

Chair Cook said we've had a good discussion. Thank you very much for the presentation. It's just a discussion item.

ACTION

None.

ITEM 4. ACTION: Staff Recommendation that the Utilities Advisory Commission Recommend that the City Council Adopt a Resolution Amending Utility Gas Rate Schedules G-1, G-1-G, G-2, G-2-G, G-3, G-3-G, G-10, and G-10-G to Include a Separate-Transportation Charge as a Discrete Pass-Through Component

Rates Manager Eric Keniston summarized the written report. He said that Palo Alto pays Pacific Gas and Electric (PG&E) to transport natural gas to Palo Alto, as stated in PG&E rate schedule G-WSL. Changes to that schedule are dictated by the California Public Utilities Commission (CPUC) and their proceedings. Staff does not know when the schedule will change or what the final change will be, and proceedings have been subject to substantial delays. Staff requested to make the G-WSL charges a pass-through charge on customer bills. The initial charge would be based on the August 2016 G-WSL rate and be subtracted from the existing distribution charge. The effect would be revenue neutral for all but the City's CNG facility (G-10), which would see a small initial increase estimated at \$2400 per year.

The UAC did not have any questions related to this item.

ACTION:

Vice Chair Danaher made a motion that the UAC recommend that Council adopt a resolution to amend Utility Gas Rate Schedules G-1, G-1-G, G-2, G-2-G, G-3, G-3-G, G-10, and G-10-G, as proposed, to separately identify as a pass-through rate component, a Transportation Charge. Commissioner Ballantine seconded the motion. The motion passed unanimously (7-0) with Chair Cook, Vice Chair Danaher and Commissioners Danaher, Forssell, Johnston, Schwartz and Trumbull voting yes.

ITEM 5. DISCUSSION: Update and Discussion on Impacts of Statewide Drought on Water and Hydroelectric Supplies

Chair Cook indicated that these monthly updates can be discontinued, but that any relevant updates can be provided in the Utilities Director's Report or in the quarterly reports.

Assistant Director Jane Ratchye indicated that there is not much new information since the last meeting on the water supply situation. She said that there has been no new precipitation at Hetch Hetchy since late May and that the water year will end up with above average precipitation. Water storage has also recovered to a healthy level as we await the winter rainy season. The Pacific Institute drought monitor for the end of July showed that it was much drier in the south of California than in the central or northern sections. Ratchye also indicated that FY 2017 is expected to be a dry year for hydroelectric supplies, but not a critically dry year so that increased costs due to the drought are moderated somewhat.

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

Cook: UAC subcommittees for relevant topics could be discussed in the next meeting

Commissioner Trumbull indicated that he wanted to discuss things that Council has already taken up such as electrification, which should be more thoroughly discussed.

Chair Cook noted that resiliency discussions have some overlap with a second transmission connection.

Commissioner Ballantine indicated that the microgrids topic that is scheduled for the next UAC meeting is a good time to discuss the general topic of resiliency.

Commissioner Schwartz asked about the adoption of electric vehicles (EVs) and whether that could be discussed when storage is discussed. She also said that, due to her husband's work on storage, whether she might have a conflict when that topic is discussed.

Senior Deputy City Attorney Jessica Mullan said that conflicts are driven by an individual's positions and the way in which items are agendaized and it is best for commissioners with any potential conflicts to discuss these items with the City Attorney's Office.

Interim Director Ed Shikada indicated that the Sustainability Implementation Plans also have a resiliency aspect.

ACTION:

None.

Meeting adjourned at 9:20 p.m.

Respectfully submitted,
Marites Ward
City of Palo Alto Utilities