

Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its regularly scheduled meeting will be made available for public inspection at the Library, 251 South "A" Street and the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Any materials to be presented at this meeting will be made available electronically 24 hours prior to the meeting, at the end of this agenda. The agenda reports are on the City of Oxnard web site at www.oxnard.org.



AGENDA
OXNARD CITY COUNCIL
OXNARD COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY
OXNARD FINANCING AUTHORITY
OXNARD HOUSING AUTHORITY
Council Chambers, 305 West Third Street
February 27, 2018
Regular Meeting - 6:00 PM
Closed Session - 5:00 PM

A. ROLL CALL/POSTING OF AGENDA

THE FOLLOWING LEGISLATIVE BODIES ARE MEETING: City Council.

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS

At this time, a person may address the legislative body only on matters appearing on the closed session agenda. The presiding officer shall limit public comments to three minutes

C. CLOSED SESSION

1. Conference with Labor Negotiators

CC Agency designated representatives:

Stephen M. Fischer, City Attorney; and Wendi Brown, W. Brown Creative Partners

Unrepresented Employee: City Manager

The City Attorney requested that this item be discussed in closed session pursuant to Government Code section 54957.6(a). The purpose of the closed session is for the City Council to provide instructions to the City's negotiators.

D. OPENING CEREMONIES

Pledge of allegiance to the flag of the United States.

E. CEREMONIAL CALENDAR

1. SUBJECT: Presentation of a Commendation to Rogelio Quezada for 18 Years of Dedicated Service as Chair of the Rose Park Neighborhood Council.

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

City of Oxnard internet address: www.oxnard.org.

F. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

At this time, the legislative body will consider public comments for a maximum of thirty minutes. A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker cards will not be accepted after the beginning of the general public comment period. Based on the number of speaker cards submitted, the presiding officer may impose time limits per speaker. Typically, speakers are limited to three minutes, but shorter time may be established as deemed necessary. A person not able to address the legislative body at this time because the thirty minutes expires may do so just prior to adjournment of the meeting. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager/ Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion. Persons wishing to speak on public hearing items should do so at the time of the hearing.

G. REPORT OF CITY MANAGER/EXECUTIVE DIRECTOR/SECRETARY

The City Manager/Executive Director/Secretary shall report on items of interest to the legislative body occurring since the last meeting. The legislative body cannot enter into detailed discussion or take action on any item presented during this report. Such items may only be referred to the City Manager/Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion.

H. CITY COUNCIL/HOUSING AUTHORITY/SUCCESSOR AGENCY/FINANCING AUTHORITY BUSINESS/COMMITTEE REPORTS

At this time, a member of the legislative body may make a brief announcement, or make a brief report on his or her activities. Further, members of the legislative body may request to schedule consideration of whether to place an item on a future agenda. The legislative body cannot enter into detailed discussion or take action on any item presented during this report. The member's report shall not exceed three minutes, unless additional time is granted by the presiding officer.

City Manager Department

1. SUBJECT: Request of Councilmember Perello: Consideration of Option to Submit Council District Map #635 for Voter Approval. (5/10/5)

RECOMMENDATION: That City Council discuss and determine whether an item related to Approval of District Election Map No. 635 for Voter Approval should be placed on a future City Council agenda for Council discussion.

Legislative Body: CC

Contact: Scott Whitney

Phone: 385-7624

I. REVIEW OF INFORMATION/CONSENT AGENDA

The members of the legislative body will consider whether to remove Information/Consent Agenda items for discussion later during the meeting.

J. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA

At this time, a person may address the legislative body only on matters appearing on the information/consent agenda. The presiding officer shall limit public comments to three minutes.

K. INFORMATION CONSENT AGENDA**City Attorney Department**

1. **SUBJECT:** Second Amendment to Attorney Services Agreement with Colantuono Highsmith & Whatley.

RECOMMENDATION: That City Council approve and authorize the Mayor to execute a Second Amendment to the Attorney Services Agreement (“Agreement”) with Colantuono, Highsmith & Whatley, PC (“CHW”) (Agreement No. 4957-09-CA) for legal services relating to municipal revenues, elections and litigation issues for an increase of \$500,000 for a total contract amount not to exceed \$949,000.

Legislative Body: CC

Contact: Stephen M. Fischer

Phone: 385-7483

Finance Department

2. **SUBJECT:** Budget Appropriation for Bond Payment.

RECOMMENDATION: That City Council approve a budget appropriation in the amount of \$45,906 from CFD #3 Seabridge at Mandalay reserve fund balance for prepayment of bond calls.

Legislative Body: CC

Contact: Jim Throop

Phone: 385-7475

Fire Department

3. **SUBJECT:** Authorization to Submit Two Grant Applications to the Federal Emergency Management Agency (FEMA) for \$372,208 in Assistance to Firefighters Grant Program (AFG) Grant Funds for the Purpose of Swiftwater Rescue Training and Regional Hazardous Materials Training.

RECOMMENDATION: That City Council adopt a resolution authorizing:

1. The City Manager to submit a grant application to the Federal Emergency Management Agency (FEMA) Assistance to Firefighters Grant program in the amount of \$372,208 for the purpose of funding Swiftwater Rescue Training and Regional Hazardous Materials Training;

2. The City Manager or designee to execute the grant agreement if grant funds are awarded to the City;

3. The Chief Financial Officer or designee to submit financial reports, grant claims, and perform all other required financial actions; and

4. The Fire Chief or designee to submit non-financial reports.

Legislative Body: CC

Contact: Darwin Base

Phone: 385-7700

4. **SUBJECT:** Authorization to Submit a Grant Applications to the Federal Emergency Management Agency (FEMA) for \$124,000 Under the Hazard Mitigation Grant Program (HMGP). Grant Funds for the Purpose of Providing Seismic Anchoring of City Computer and Communications Systems and Equipment.

RECOMMENDATION: That City Council adopt a resolution authorizing:

1. The City Manager to submit a grant application in the amount of \$124,000 to the Federal Emergency Management Agency (FEMA) under the Hazard Mitigation Grant Program (HMGP) for the purpose of obtaining the materials necessary to seismically anchor city computers and communication equipment in such a way that they resist damage during earthquakes;
2. The City Manager or designee to execute the grant agreement if grant funds are awarded to the City;
3. The Chief Financial Officer or designee to submit financial reports and grant claims and perform all other required financial actions;
4. The Fire Chief or designee to submit non-financial reports.

Legislative Body: CC

Contact: Darwin Base

Phone: 385-7700

L. PUBLIC HEARINGS

City Attorney Department

1. SUBJECT: Public Hearing Regarding Districting Process and Introduction of an Ordinance Designating Six Council Districts and the Dates that Elections Would be Held in Each of the Six Districts (5/20/20)

RECOMMENDATION: That City Council:

1. Hold a public hearing regarding the districting process and proposed ordinance that would designate six City Council districts and the dates in which elections would be held in each of the six districts; and
2. Approve the first reading (by title only and waive further reading) of an ordinance entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OXNARD PROVIDING FOR THE ELECTION OF MEMBERS OF THE CITY COUNCIL BY SIX DISTRICTS, ESTABLISHING THE BOUNDARIES AND IDENTIFICATION NUMBER OF EACH DISTRICT, ESTABLISHING THE ELECTION ORDER OF EACH DISTRICT AND ADDING SECTIONS 2-2 TO 2-3.5 TO THE OXNARD CITY CODE.

Legislative Body: CC

Contact: Stephen M. Fischer

Phone: 385-7483

Development Services Department

2. SUBJECT: Introduce for First Reading an Ordinance Authorizing the Implementation of a Community Choice Aggregation Program with the Los Angeles Community Choice Energy Joint Powers Authority and Approving the Related Joint Powers Agreement. (15/15/15)

RECOMMENDATION: That the Council consider the introduction of an Ordinance approving the Joint Powers Agreement for the Los Angeles Community Choice Energy program and Authorizing the Implementation of the Community Choice Aggregation Program.

Legislative Body: CC

Contact: Ashley Golden

Phone: 385-7882

M. REPORTS**Development Services Department****1. SUBJECT: Harbor Maintenance Agreement and Payment of Utility Fees (5/15/15)****RECOMMENDATION: That the City Council:**

1. Approve a Memorandum of Agreement (MOA) with the County of Ventura (County) as it relates to operations and maintenance responsibilities in Channel Islands Harbor;
2. Authorize the payment of utility services and maintenance of park and median landscape improvements until March 31st, or until the Board of Supervisors takes action on the subject agreement, whichever occurs first; and
3. Authorize payment of utility services provided by the Channel Islands Beach Community Services District within the Channel Islands Harbor for park and median landscaping and maintenance of bathrooms through the term of the subject agreement.

Legislative Body: CC

Contact: Ashley Golden

Phone: 385-7882

N. ADJOURNMENT

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**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Council Business

AGENDA ITEM NO.: 1

DATE: February 27, 2018

TO: City Council

THROUGH: Scott Whitney
Interim City Manager

A handwritten signature in blue ink, appearing to read "S. Whitney".

FROM: Scott Whitney
Interim City Manager/Police Chief

SUBJECT: Request of Councilmember Perello: Consideration of Option to Submit Council District Map #635 for Voter Approval. (5/10/5)

CONTACT: Scott Whitney, Interim City Manager/Police Chief
Scott.Whitney@OxnardPD.org, 385-7624

RECOMMENDATION:

That City Council discuss and determine whether an item related to Approval of District Election Map No. 635 for Voter Approval should be placed on a future City Council agenda for Council discussion.

BACKGROUND

At the City Council meeting held on February 20, 2018, Councilmember Perello requested that City Council consider placing an item on a future Council agenda to discuss consideration of an option to submit approval of District Map No. 635 for voter approval. Councilmember Perello also submitted a written request (see attachment) to discuss consideration of that matter in accordance with Chapter 3 of the City of Oxnard City Council Procedures Manual adopted on May 10, 2016.

Pursuant to the Procedures Manual, the Council discussion will be limited to determining whether staff time and City resources should be spent researching the particular agenda item and whether to direct staff to conduct further analysis on the item. Council will not take action on the item itself.

Request of Councilmember Perello (5/10/5)

February 27, 2018

Page 2

Concurrence that staff time and City resources will be devoted to the item does not signify approval of the item. It only indicates that the Council wishes to have it studied further. Additionally, the Council may, at any time, decide to drop the matter, even after the matter has been analyzed by staff.

Upon the concurrence of a majority of the Council that the item should be researched and agendaized, the City Manager will determine when to place the item on a future agenda based on time necessary to complete the research and staff workload considerations and the effect on City Council established priorities.

FINANCIAL IMPACT

There is no financial impact at this time.

ATTACHMENTS:

Attachment A: Councilman Perello's Request for Consideration of Option for Voter Confirmation of Adopted Map 635 (2-20-18)

From the Working Desk of Bert E. Perello

City Councilman

300 West Third Street, 4th Floor

Oxnard, CA 93030

(805) 240-6194

E-mail: perellobert@gmail.com



February 20, 2018

Scott Whitney, Interim City Manager

Steve Fischer, City Attorney

Michelle Ascension, City Clerk

City of Oxnard

305 West Third Street

Oxnard, CA 93030

Subject: District Elections Approval Item on the February 27, 2018 Agenda - Request for Council Consideration of Option to Submit Approved District Election Map 635 for a Confirmation by Vote of Oxnard Registered Voters

In accordance with my verbal request during tonight's City Council meeting, and pursuant to the applicable sections of Chapter 3, City Council Meetings, of the May 10, 2016 adopted Council Procedures Manual, I hereby submit this written request that the agenda for the February 27, 2018 City Council meeting be structured to facilitate Council consideration of the adoption of an option to submit Council approved District Election Map 635 for a confirmation vote by Oxnard's registered voters at the earliest possible election date allowed by law.

This written request is being submitted by the deadline contained in the Council Procedural Manual, with is by 12 Noon, the Wednesday before the Council meeting, which in this instance is 12 Noon Wednesday, February 21, 2018.

Please let me know if you have any questions, or wish to discuss this request with me further.

Best Public Service Regards

Bert E. Perello, Member

Oxnard City Council

pc: Members of the Oxnard City Council

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**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 1

DATE: February 27, 2018

TO: City Council

FROM: Stephen Fischer
City Attorney

A handwritten signature in cursive script, appearing to read "S. Fischer".

SUBJECT: Second Amendment to Attorney Services Agreement with Colantuono Highsmith & Whatley.

CONTACT: Stephen Fischer, City Attorney
Stephen.Fischer@oxnard.org, 385-7483

RECOMMENDATION:

That City Council approve and authorize the Mayor to execute a Second Amendment to the Attorney Services Agreement ("Agreement") with Colantuono, Highsmith & Whatley, PC ("CHW") (Agreement No. 4957-09-CA) for legal services relating to municipal revenues, elections and litigation issues for an increase of \$500,000 for a total contract amount not to exceed \$949,000.

BACKGROUND

CHW has provided the City with legal advice and representation in matters relating to municipal revenues and rate increases and is a recognized expert in this area of representation on behalf of California governmental entities. This second amendment to the original 2010 agreement will fund legal advice and representation regarding municipal revenues including the pending litigation relating to the November 16, 2016, wastewater rate initiative and infrastructure use fee. Work performed for the public liability and property damage program is funded through the Public Liability Fund which is appropriated annually and managed through the City's third party administrator.

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

Second Amendment to Attorney Services Agreement with Colantuono Highsmith & Whatley,
PC
February 27, 2018
Page 2

FINANCIAL IMPACT

The agreement is funded \$325,000 from the General Fund (to be recorded in Finance Admin - 101-1600) and \$175,000 from the Wastewater Fund (Wastewater Collection Operating Fund - 611-6103 and Wastewater Treatment Operating Fund - 621-6202). Actual costs will be charged to benefitting funds as incurred. Funding in the amount of \$375,000 for the current fiscal year was included in the FY17-18 mid-year augmentation requests. Funding of \$125,000 for FY18-19 will be included in the recommended budget.

ATTACHMENTS:

Attachment A: Colantuono 2nd Amendment to 4957-09-CA

Agreement No. 4957-09-CA**SECOND AMENDMENT TO ATTORNEY SERVICES AGREEMENT**

This Second Amendment ("Second Amendment") to the Attorney Services Agreement ("Agreement") is made and entered into in the County of Ventura, State of California, this 27th day of February 2018, by and between the City of Oxnard, a municipal corporation ("City"), and Colantuono, Highsmith & Whatley, PC ("Special Counsel"). This Second Amendment amends the Agreement entered into on January 1, 2010, by City and Special Counsel. Pursuant to Paragraph 35 of the Agreement, the Agreement previously has been amended by a First Amendment on July 26, 2016, and by letter amendments on July 8, 2013, April 6, 2016, April 14, 2017, June 5, 2017, and on December 13, 2017.

City and Special Counsel agree as follows:

1. Paragraph 10.a.(1) Compensation and Reimbursement is amended to read as follows: "City agrees to pay Special Counsel in an amount not to exceed \$949,000 for services provided under this Agreement. The not to exceed amount does not apply to work assigned under the public liability and property damage program because funding for work under that program is appropriated through the Public Liability Fund on an annual basis and paid through the City's third party administrator."

2. Paragraph 30. Counterparts is amended to read as follows: "This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to be one and the same agreement. A signed copy of this Agreement transmitted by email or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes."

3. As so amended, the Agreement remains in full force and effect.

CITY OF OXNARD

SPECIAL COUNSEL

Tim Flynn, Mayor

Holly O. Whatley, Vice President

ATTEST:

APPROVED AS TO INSURANCE:

Michelle Ascencion, City Clerk

Mike More, Risk Manager

APPROVED AS TO FORM:

APPROVED AS TO AMOUNT:

Stephen M. Fischer, City Attorney

Scott Whitney, Interim City Manager

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**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 2

DATE: February 27, 2018

TO: City Council

THROUGH: Scott Whitney
Interim City Manager

A handwritten signature in cursive script, appearing to read "S. Whitney".

FROM: Jim Throop
Chief Financial Officer

SUBJECT: Budget Appropriation for Bond Payment.

CONTACT: Jim Throop, Chief Financial Officer
Jim.Throop@oxnard.org, 385-7475

RECOMMENDATION:

That City Council approve a budget appropriation in the amount of \$45,906 from CFD #3 Seabridge at Mandalay reserve fund balance for prepayment of bond calls.

BACKGROUND

CFD 3 Seabridge at Mandalay bonds were originally issued on November 15, 2005. The bonds were issued to finance the cost and expense of providing certain public facilities. The proposed improvements for CFD 3 included the construction, purchase, modification, expansion, improvement or rehabilitation of waterways, all or a portion of streets and roads, sanitary sewer facilities, water facilities, storm drain facilities, landscaping, public boat docks and parks, and all appurtenances and appurtenant work in connection with the foregoing including fee facilities and related fees. The improvement project also consisted of the construction of certain public facilities by the City and construction of other improvements by the Oxnard School District.

In 2013, to take advantage of lower interest rates, the original bonds were refunded. The City issued special tax refunding bonds in 2013 to refund the outstanding original bonds. The 2013 bonds mature with the final scheduled debt service payment on September 1, 2035.

Budget Appropriation for Bond Payment

February 27, 2018

Page 2

With the authorization of CFD 3, a facilities special tax was authorized to be levied against parcels within the boundaries of the Seabridge Improvement Area. The Facilities Special Taxes may be prepaid in whole or in part. The actual prepayment amount is provided through a formal payment calculation request. CFD 3 recently has 2 prepayments from parcel owners. Bond calls are an unanticipated budgetary item where a parcel/property owner requests pre-payment of their bonds. When a bond call is made, the City is obligated to make the payment. The City received pre-payment for two parcels in FY2016 and FY2017 which increased the upcoming debt payment of CFD 3.

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

FINANCIAL IMPACT

With the prepayment received from parcels which has been deposited into Fund 520, the debt payment requires additional appropriation in the amount of \$45,906 for the principal and interest prepayment from Fund Balance of Fund 520. There is no impact to General Fund.

ATTACHMENTS:

Attachment A: BA for City Council Meeting 2-27-18 CFD3 Seabridge Bond Call

REQUEST FOR BUDGET APPROPRIATION

Department: Finance
 Project/Program _____
 Manager: Jim Throp

Date: February 20, 2018
 Phone: (805) 385-7475

Reason for Appropriation:

To appropriate prepayment or bond call of 2 parcels within CFD#3 Seabridge

Accounts and Descriptions**AMOUNT**

Fund: 520 - Seabridge CFD 4

Expenditures/Transfers Out

520-1901-871-8501	Fixed Services/Bond Principal Payments	30,000
520-1901-871-8502	Fixed Services/Bond Interest Payments	15,906
	Sub-total Expenditures	<u>45,906</u>

Net Change to Fund Balance 45,906

Net Appropriation Change 45,906

Approvals

Department Director _____

Chief Financial Officer _____

City Manager _____

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**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 3

DATE: February 27, 2018

TO: City Council

THROUGH: Scott Whitney
Interim City Manager

FROM: Darwin Base
Fire Chief

SUBJECT: Authorization to Submit Two Grant Applications to the Federal Emergency Management Agency (FEMA) for \$372,208 in Assistance to Firefighters Grant Program (AFG) Grant Funds for the Purpose of Swiftwater Rescue Training and Regional Hazardous Materials Training.

CONTACT: Darwin Base, Fire Chief
Darwin.Base@oxnard.org, 385-7700

RECOMMENDATION:

That City Council adopt a resolution authorizing:

1. The City Manager to submit a grant application to the Federal Emergency Management Agency (FEMA) Assistance to Firefighters Grant program in the amount of \$372,208 for the purpose of funding Swiftwater Rescue Training and Regional Hazardous Materials Training;
2. The City Manager or designee to execute the grant agreement if grant funds are awarded to the City;
3. The Chief Financial Officer or designee to submit financial reports, grant claims, and perform all other required financial actions; and
4. The Fire Chief or designee to submit non-financial reports.

BACKGROUND

Submission of Assistance to Firefighters Grants 2018

February 27, 2018

Page 2

The City of Oxnard is eligible to submit a grant application to FEMA for consideration of federal funds totaling \$372,208. Fire Departments are eligible to apply to the FEMA Assistance to Firefighter Grants program (AFG) to enhance their ability to protect the public and fire service personnel from fire and related hazards. FEMA grants are awarded on an annual basis. The grant funds will provide for a Swiftwater Rescue training for Oxnard Fire personnel and Hazardous Materials training for Oxnard and Ventura County Fire personnel, if awarded.

The Swiftwater Rescue training grant application is for \$42,208 and would provide funds to pay overtime for staff to attend the training, per diem and cost of certifications. Swiftwater rescue is a discipline used by members of the Urban Search and Rescue Team; the skills mastered in this course will prepare personnel to save human life during incidents of flooding and mudslides. This grant is specific to the Oxnard Fire Department and will require matching funds of 15% (\$5,506), if awarded.

The Regional Hazardous Materials training grant application is for \$330,000 and would provide funds to pay for overtime and tuition of 20 personnel to attend a 4 week training course for Hazardous Materials Technician and an additional 20 personnel to attend a 2 week training course for Hazardous Materials Specialist. Oxnard Fire Department will be the lead agency for this regional grant and will send 10 personnel to each training. Partner agencies, Ventura County Fire Protection District and Ventura City Fire Department will be sub-recipients of the grant and will split the available training spots and matching requirement. There is a matching funds requirement of 15% (\$43,044 total match of which Oxnard would be responsible for \$21,702 and Ventura County Fire and Ventura City Fire will share the other \$21,702), if awarded.

The two grant applications were submitted on February 2, 2018. Notifications of award are traditionally announced late summer with the grant period beginning in August.

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

FINANCIAL IMPACT

There is a matching funds requirement of 15% for each grant, if awarded. The grant for the Swiftwater Rescue Training requests funds of \$42,208 and the total matching funds for the grant application would be \$5,506. The Fire Department would provide the matching funds requirement from FY2018-19 Fire Operating Budget.

The Regional Hazardous Materials Training grant application for \$330,000 would require a 15% match of \$43,044, with the City of Oxnard responsible for \$21,702 of the requirement. The Fire Department would provide the matching funds from the FY2018-19 Fire Operating Budget.

Submission of Assistance to Firefighters Grants 2018

February 27, 2018

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Upon award, staff will return to Council to recognize and appropriate grant award and required match funds.

ATTACHMENTS:

Attachment A: Resolution AFG Grant 2018

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD APPROVING
SUBMITTAL OF GRANT APPLICATION

WHEREAS, City Council Resolution No.12,053 sets out the procedure by which City staff may submit grant applications, following approval by resolution of the City Council; and

WHEREAS, the Fire Department has requested that City Council approve the submittal of an application to the Federal Emergency Management Agency (FEMA) for \$330,000 in Assistance to Firefighter (AFG) grant funds to be used for Regional Hazardous Materials Training and a second application for \$42,208 in AFG grant funds to be used for Swiftwater Rescue Training.

NOW, THEREFORE, the City Council of the City of Oxnard resolves to approve the submittal of two grant applications by the City Manager one application for a Regional Hazardous Materials Training and Swiftwater Rescue Training. The City Council further resolves that the City Manager or designee is authorized to execute grant agreements; the Chief Financial Officer or designee is authorized to submit financial reports and grant claims, approve special budget appropriations for the use of the grant funds and perform all other required financial actions; and the Fire Chief or designee is authorized to submit non-financial reports.

PASSED AND ADOPTED this 27th day of February, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Timothy Flynn, Mayor

ATTEST:

APPROVED AS TO FORM:

Michelle Ascencion, City Clerk

Stephen M. Fischer, City Attorney



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 4

DATE: February 27, 2018

TO: City Council

THROUGH: Scott Whitney
Interim City Manager

FROM: Darwin Base
Fire Chief

SUBJECT: Authorization to Submit a Grant Applications to the Federal Emergency Management Agency (FEMA) for \$124,000 Under the Hazard Mitigation Grant Program (HMGP). Grant Funds for the Purpose of Providing Seismic Anchoring of City Computer and Communications Systems and Equipment.

CONTACT: Darwin Base, Fire Chief
Darwin.Base@oxnard.org, 385-7700

RECOMMENDATION:

That City Council adopt a resolution authorizing:

1. The City Manager to submit a grant application in the amount of \$124,000 to the Federal Emergency Management Agency (FEMA) under the Hazard Mitigation Grant Program (HMGP) for the purpose of obtaining the materials necessary to seismically anchor city computers and communication equipment in such a way that they resist damage during earthquakes;
2. The City Manager or designee to execute the grant agreement if grant funds are awarded to the City;
3. The Chief Financial Officer or designee to submit financial reports and grant claims and perform all other required financial actions;
4. The Fire Chief or designee to submit non-financial reports.

BACKGROUND

The City of Oxnard is eligible to submit a grant application to FEMA for consideration of federal funds totaling \$124,000. Local governments within the State of California are eligible to submit applications for hazard mitigation funding for the purpose of reducing the effects of earthquakes

Submission of Hazard Mitigation Grant

February 27, 2018

Page 2

and other disasters. The grant funds would provide for the purchase and installation of devices and materials that would protect computer and communications equipment from the seismic effects of an earthquake by anchoring them to solid surfaces and structures. This program would include the anchoring of desktop computers and monitors as well as network routers, printers, Wi-Fi devices and other computer, data and communications equipment. Anchoring this equipment would substantially reduce the potential of damage and loss during an earthquake. Anchoring these items would also greatly increase the safety of personnel in the vicinity of this equipment when an earthquake strikes.

Under the FEMA Hazard Mitigation Grant Program, the Federal Government is responsible for a 75% funding share and the applicant is responsible for a 25% match. The applicant match may be in direct funding, in-kind activities or a combination of the two. Oxnard is requesting a total program amount of \$124,000. If awarded FEMA would provide \$93,750 in funding with Oxnard being responsible for an applicant match of \$30,250.

Due to limited notification the Grant Notice of Interest was submitted on-line to the FEMA Grant Portal on January 30, 2018. Notifications of award are anticipated in 90 to 120 days. If awarded the City would have 24 months to complete the project.

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

FINANCIAL IMPACT

There is a matching funds requirement of 25% for this grant, if awarded. Under the provisions of this grant the matching funds can be a direct financial contribution or in the form of an in-kind match. The application submitted requested a total amount of \$124,000. If awarded the federal required share would be \$93,750 with the applicant match of \$30,250 which would be provided from the FY 2018-2019 Fire Operating General Fund. Upon award, staff would return to Council to recognize grant award and appropriate required matching fund.

ATTACHMENTS:

Attachment A: Resolution Hazard Mitigation Grant

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD APPROVING
SUBMITTAL OF GRANT APPLICATION

WHEREAS, City Council Resolution No.12,053 sets out the procedure by which City staff may submit grant applications, following approval by resolution of the City Council; and

WHEREAS, the Fire Department has requested that City Council approve the submittal of an application to the Federal Emergency Management Agency (FEMA) for \$124,000 in Hazard Mitigation Grant Program Funding to be used for seismic anchoring of City computer systems and communications equipment.

NOW, THEREFORE, the City Council of the City of Oxnard resolves to approve the submittal of a grant application by the City Manager under the FEMA Hazard Mitigation Grant Program for seismic anchoring of City computer systems and communications equipment. The City Council further resolves that the City Manager or designee is authorized to execute grant agreements; the Chief Financial Officer or designee is authorized to submit financial reports and grant claims, approve special budget appropriations for the use of the grant funds and perform all other required financial actions; and the Fire Chief or designee is authorized to submit non-financial reports.

PASSED AND ADOPTED this 27th day of February, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Timothy Flynn, Mayor

ATTEST:

APPROVED AS TO FORM:

Michelle Ascencion, City Clerk

Stephen M. Fischer, City Attorney

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**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Public Hearing
AGENDA ITEM NO.: 1

DATE: February 27, 2018

TO: City Council

FROM: Stephen Fischer
City Attorney

A handwritten signature in cursive script, appearing to read "S. Fischer".

SUBJECT: Public Hearing Regarding Districting Process and Introduction of an Ordinance Designating Six Council Districts and the Dates that Elections Would be Held in Each of the Six Districts (5/20/20)

CONTACT: Stephen Fischer, City Attorney
Stephen.Fischer@oxnard.org, 385-7483

RECOMMENDATION:

That City Council:

1. Hold a public hearing regarding the districting process and proposed ordinance that would designate six City Council districts and the dates in which elections would be held in each of the six districts; and
2. Approve the first reading (by title only and waive further reading) of an ordinance entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OXNARD PROVIDING FOR THE ELECTION OF MEMBERS OF THE CITY COUNCIL BY SIX DISTRICTS, ESTABLISHING THE BOUNDARIES AND IDENTIFICATION NUMBER OF EACH DISTRICT, ESTABLISHING THE ELECTION ORDER OF EACH DISTRICT AND ADDING SECTIONS 2-2 TO 2-3.5 TO THE OXNARD CITY CODE.

BACKGROUND

Historically, the City has elected its Councilmembers through an at-large election system. Under this system, candidates for the City Council can reside anywhere in the City and are elected to a four-year term by the registered voters of the entire City. The Mayor is separately elected to a two-year term based upon a measure placed before the voters on November 6, 1973 in which the

voters decided to have a separately elected Mayor who would serve a two-year term. (The Mayor is also elected through an at-large election system.)

The City received a letter dated October 7, 2017 claiming that the City's current method of electing the City Council through at-large elections violates the California Voting Rights Act ("CVRA"). The letter alleges that the City's elections "may be occurring by polarized voting," and threatens litigation if the City declines to adopt a district-based election system. A district-based election system is one in which a city is divided into separate districts and a councilmember is elected from each district by registered voters residing in that district.

The CVRA (Elections Code Section 14025 *et seq.*) was adopted in 2002, and is based upon the Federal Voting Rights Act of 1965 ("FVRA") with some important differences that make at-large election systems much more susceptible to legal challenge. For a plaintiff to be successful in a claim of violation under the FVRA relating to at-large elections, the plaintiff must show that: 1) a minority group is sufficiently large and geographically compact to form a majority of the eligible voters in a single-member district; 2) there is racially-polarized voting; and 3) there is "white bloc voting" (the term used by the courts reviewing such cases) sufficient usually to prevent minority voters from electing candidates of their choice. If a plaintiff proves these three elements, then the federal court will consider whether, under the "totality of circumstances," the votes of minority voters are diluted by the at-large election system.

The CVRA removes two of these factors. It eliminates what is known as the "geographically compact" FVRA precondition (e.g., can a majority-minority district be drawn) as well as the "totality of the circumstances" or "reasonableness" test. Because the CVRA eliminates some of the elements that a plaintiff must prove, defending a lawsuit brought pursuant to the CVRA is substantially more difficult to defend against than a claim under the FVRA. As a result of the lower threshold for proving a claim under the CVRA, many jurisdictions have voluntarily switched to district-based election systems instead of facing litigation.

Because of the low standards necessary for a plaintiff to prevail in CVRA litigation, every public entity defendant since the CVRA was enacted in 2002 has either lost in court or settled. To date, every government defendant has ultimately been forced to pay at least some portion of the plaintiff's attorney fees and costs. Awards in contested CVRA cases have reportedly ranged from approximately \$400,000 to over \$4,500,000. For example, in February 2015, the City of Santa Barbara reportedly paid \$800,000 in attorney's fees and expert costs to settle its CVRA lawsuit. Another example is the City of Palmdale, which incurred expenses in excess of \$4.5 million.

Because of claims of abuses by some plaintiff's attorneys in CVRA cases, the Legislature adopted AB 350 in 2016 to place a "safe harbor" cap of a maximum of \$30,000 on attorney's fees that a plaintiff would be entitled to recover if the target city, within 45 days of receipt of the plaintiff's properly served demand letter, adopts a Resolution of Intent to consider an ordinance to establish a district-based election system, and then adopts such an ordinance within 90 days following the date it adopted the Resolution of Intent.

At its November 27, 2017 meeting, the City Council adopted Resolution No. 15,068, which indicated the City's intent to consider transitioning from at-large elections to district elections for members of the City Council pursuant to Elections Code Section 10010.

In compliance with state law, the City Council held the first of two public hearings over a period of no more than 30 days for the public to provide input regarding the composition of the proposed City Council districts. State law requires that these public hearings occur prior to the City's drawing of a draft map or maps of the proposed boundaries of the districts. The City Council held these two public hearings on December 12, 2017 and January 3, 2018.

As of the January 5, 2018 deadline to submit maps, a total of 65 draft maps were submitted by members of the public and not withdrawn. In addition, the City's demographer prepared two additional maps for the City Council's consideration. Of the maps submitted, 39 maps met the basic qualifications of number of districts (four, six or eight), contiguous district boundaries, and population balanced. In addition, one partial map was also submitted based upon a six-district map, with only one district drawn.

The City Council subsequently held four public hearings regarding the draft district maps on January 17, 2018, January 29, 2018, February 7, 2018 and February 20, 2018. This was twice the number of public hearings required by state law. In addition, the City held a Community Workshop on January 22, 2018 at the Oxnard Performing Arts and Convention Center's Hueneme Room to discuss the districting process and draft maps. The Inter-Neighborhood Council Organization (INCO) also held a special meeting on January 25, 2018 at City Council Chambers to discuss the districting process and the draft maps.

At its February 20, 2018 meeting, the City Council approved a motion selecting Map #635 as the map to be used for the districting of the City. In addition, the City Council approved a motion determining that district elections for a four-year term will be held in November 2018 for Districts 1, 2 and 5, and district elections for a four-year term will be held in November 2020 for Districts 3, 4 and 6. In addition, an election will be held in District 6 for an initial two-year term in November 2018 – thus allowing six members of the City Council to be in office after the November 2018 City Council election. The City Council's motion directed these decisions be included in an ordinance to be considered for first reading on February 27, 2018.

ANALYSIS

Tonight's public hearing is to introduce the ordinance adopting Council districts and provides a final opportunity for the public to provide input before introduction of the ordinance selecting Map #635 as the map to be used for the districting of the City and determining the sequencing of the elections in each of the districts. The public can review Map #635 in detail online at <https://www.oxnard.org/draft-district-maps> or using the City's online interactive tool at <http://www.arcgis.com/apps/View/index.html?appid=0d19c1c2b61d44b280602d1ab0bab890>.

If a majority of the City Council votes for the ordinance at tonight's meeting, the City Council will consider the adopting the ordinance at its March 6, 2018 meeting. If adopted, the new City Council districts would not become effective until the November 2018 election, with the specific date on which a councilmember would be elected from each new district as specified above.

STRATEGIC PRIORITIES

Not applicable.

FINANCIAL IMPACT

There is no specific financial impact from tonight's public hearing, although the consideration of transitioning to a district-based election system has taken significant staff time and has involved the use of a demographer to attend specific public hearings and provide online public outreach tools included in the scope of services. The costs of holding future district-based elections is anticipated to be higher than the current costs for at-large elections, but the additional costs have not yet been determined.

ATTACHMENTS:

Attachment A: Proposed Ordinance for Introduction

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
OXNARD PROVIDING FOR THE ELECTION OF MEMBERS OF THE
CITY COUNCIL BY SIX DISTRICTS, ESTABLISHING THE
BOUNDARIES AND IDENTIFICATION NUMBER OF EACH DISTRICT,
ESTABLISHING THE ELECTION ORDER OF EACH DISTRICT AND
ADDING SECTIONS 2-2 TO 2-3.5 TO THE OXNARD CITY CODE**

WHEREAS, Government Code Section 34886 permits the City Council of any city to change the city's method of election by ordinance to a "by-district" system in which each member of the City Council is elected only by the voters in the district in which the candidate resides, and permits the mayor to continue to be elected at-large, in accordance with Government Code Section 34871, subdivision (c); and

WHEREAS, under the provisions of Elections Code Section 10010, a city that changes from an at-large City Council method of election to a by-district City Council method of election requires a total of five public hearings, including at least two public hearings regarding potential district boundaries prior to the release and consideration of any draft district maps, and two public hearings following the release of draft district map(s); and

WHEREAS, at the regular meeting of the City Council of the City of Oxnard held on November 27, 2017, the City Council adopted Resolution No. 15,608 that initiated the process of establishing a by-district election system and adopting the schedule therefore; and

WHEREAS, at the regular and special meeting of the City Council on December 12, 2017 and January 3, 2018, respectively, pursuant to Elections Code Section 10010(a)(1), the City Council held public hearings where the public was invited to provide input regarding the composition of the City's districts before any draft maps were drawn, and the City Council considered and discussed the same; and

WHEREAS, at special meetings of the City Council held on January 17, 2018, January 29, 2018 and February 7, 2018 and at a regular meeting of the City Council held on February 20, 2018, pursuant to Elections Code Section 10010(a)(2), the City Council held public hearings where the public was invited to provide input regarding the content of the draft maps that had been released at least seven (7) days before each meeting, and the proposed sequence of elections, and the City Council considered and discussed the same; and

WHEREAS, at the regular meeting of the City Council held on February 20, 2018, the City Council directed staff to draft an ordinance adopting the district map known as Map 635 (attached hereto as Exhibit A) and providing specific sequencing of elections in each of the six districts; and

WHEREAS, at the regular meeting of the City Council held on February 27, 2018, the City Council held a final public hearing on the proposal to establish district boundaries, reviewed additional public input, formally selected the district map and the election sequence attached to, incorporated into, and set forth in this Ordinance, which was introduced for a first reading at the same regular meeting of the City Council; and

WHEREAS, throughout the foregoing process, the City engaged in a significant amount of public outreach and engagement above and beyond the public hearings and other procedures required by Elections Code Section 10010, including, but not limited to, two additional public hearings, one public workshop and one presentation on the districting process and draft maps to the City's Inter-Neighborhood Council Organization; and

WHEREAS, the purpose of this Ordinance is to enact, pursuant to California Government Code Section 34886, an ordinance providing for the election of members of the City Council of the City of Oxnard by-district in six single-member districts as reflected in Exhibit A to this Ordinance, with the Mayor continuing to be elected at-large, in furtherance of the purposes of the California Voting Rights Act of 2001 (Chapter 1.5 (commencing with Section 14025) of Division 14 of the Elections Code) and to implement the guarantees of the California Constitution.

The City Council of the City of Oxnard hereby ordains as follows:

Section 1. Code Amendment. Sections 2-2 through 2-3.5 are hereby added to the Oxnard City Code to read as follows:

"2-2 Declaration of Purpose Regarding District Elections. The City Council of the City of Oxnard hereby declares that the change of method of electing members of this City Council is being made in furtherance of the California Voting Rights Act of 2001.

"2-2.5 City Council Districts Established. Six City Council districts are hereby established in the City of Oxnard. The boundaries and identifying number of each district shall be as described on Map 635 attached hereto as Exhibit "A" and incorporated hereby by this reference.

"2-3 Election of Members of the City Council by District.

a. Following the March 6, 2018 effective date of this Ordinance and upon the commencement of "by district" elections in the order established in Section 2-3.5 of this Code, members of the City Council shall be elected "by district" as defined in California Government Code Section 34871 or any successor statute. No term of any member of the City Council that commenced prior to March 6, 2018 shall be affected by the adoption of Sections 2-2 to 2-3.5 of the Code. The Mayor shall continue to be separately elected on an at-large basis to a two-year term.

b. Registered voters signing nomination papers or voting for a member of the City Council shall be residents of the geographical area making up the district from which the Member is to be elected.

c. Except as otherwise provided in Section 2-3.5(B), the terms of the office of each Member elected to the City Council shall remain four (4) years.

“2-3.5 Commencement of District Elections.

(A) Commencing with the general municipal election in November of 2018 and thereafter, the voters in Districts 1, 2 and 5 shall elect members of the City Council by district for full four (4) year terms.

(B) For the general municipal election in November of 2018 only, the voters in District 6 shall elect their Member of the City Council by district for a two-year term.

(C) Commencing with the general municipal election in 2020 and thereafter, the voters in Districts 3, 4 and 6 shall elect Members of the City Council by district for full four (4) year terms.

(D) Pursuant to Elections Code Section 21606, the term of office of any Councilmember who has been elected and whose term of office has not expired shall not be affected by any change in the boundaries of the district from which he or she was elected.”

Section 2. Severability. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining portions of this Ordinance shall nonetheless remain in full force and effect. The Council of the City of Oxnard hereby declares that it would have adopted each section, subsection, sentence, clause, phrase, or portion of this Ordinance, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions of this Ordinance be declared invalid or unenforceable.

Section 3. The City Clerk shall certify as to the adoption of this Ordinance and shall cause the summary thereof to be published within fifteen calendar (15) days of the adoption and shall post a certified copy of this Ordinance, including the vote for and against the same, in the office of the City Clerk, in accordance with Government Code Section 36933. Ordinance No. _____ was first read on _____, 2018, finally adopted on _____, 2018, to become effective immediately thereafter.

AYES:

NOES:

ABSENT:

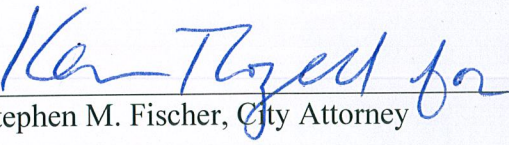
ABSTAIN:

Tim Flynn, Mayor

ATTEST:

Michelle Ascencion, City Clerk

APPROVED AS TO FORM:

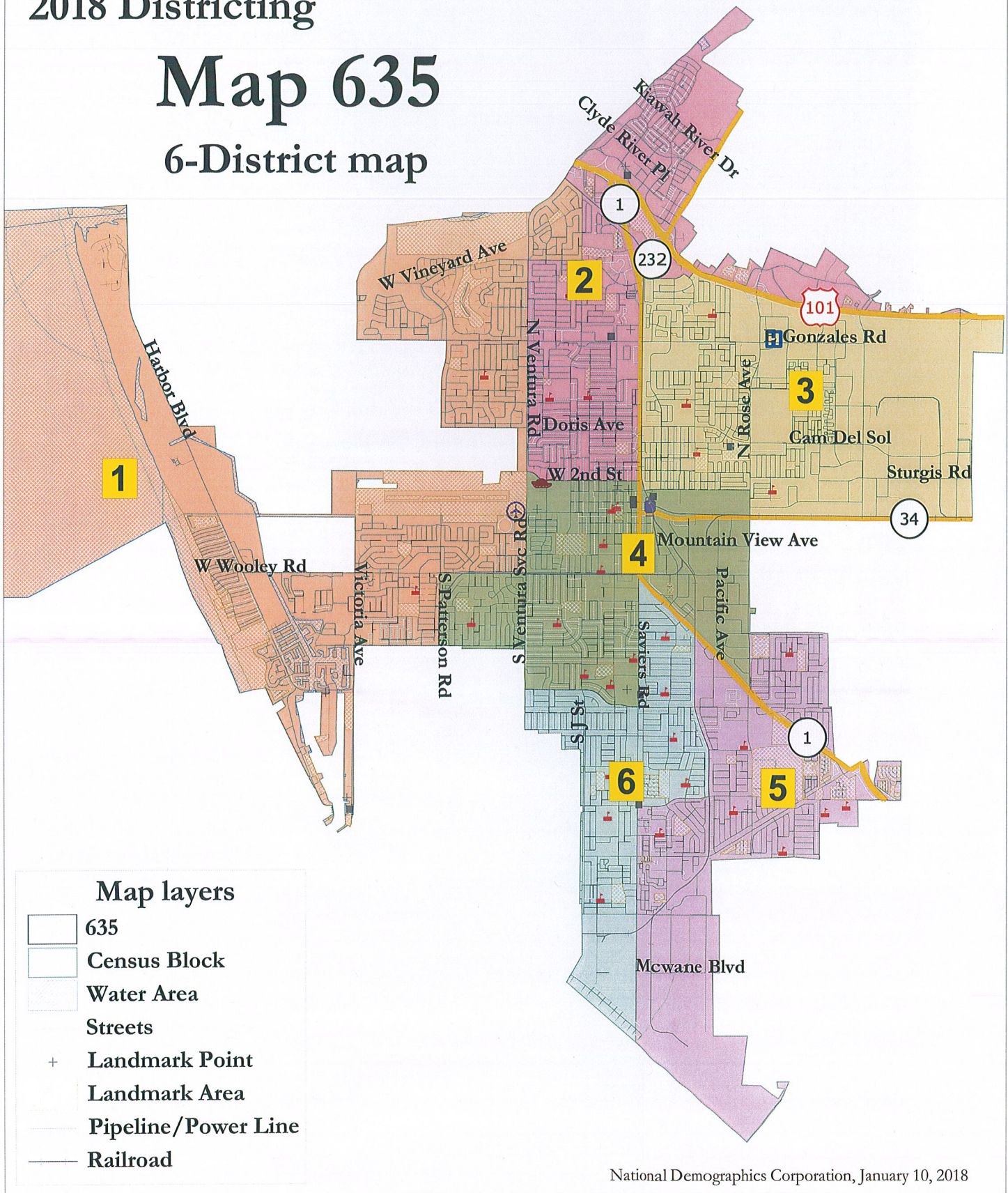


Stephen M. Fischer, City Attorney

Exhibit A

City of Oxnard 2018 Districting

Map 635 6-District map



National Demographics Corporation, January 10, 2018



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Public Hearing
AGENDA ITEM NO.: 2

DATE: February 27, 2018

TO: City Council

THROUGH: Scott Whitney
Interim City Manager

FROM: Ashley Golden
Development Services Director

SUBJECT: Introduce for First Reading an Ordinance Authorizing the Implementation of a Community Choice Aggregation Program with the Los Angeles Community Choice Energy Joint Powers Authority and Approving the Related Joint Powers Agreement. (15/15/15)

CONTACT: Ashley Golden, Development Services Director
Ashley.Golden@oxnard.org, 385-7882

RECOMMENDATION:

That the Council consider the introduction of an Ordinance approving the Joint Powers Agreement for the Los Angeles Community Choice Energy program and Authorizing the Implementation of the Community Choice Aggregation Program.

BACKGROUND

At the December 19, 2017 City Council meeting, the City Council received a presentation regarding Community Choice Energy or Aggregation (CCE and CCA). At this meeting, Council was generally supportive of joining the Los Angeles Community Choice Energy (LACCE) program but directed staff to conduct public outreach in January 2018 and to provide the City Council with the necessary ordinance documents to join the LACCE program (see Attachment A – Dec. 19th staff report materials). The February 6, 2018 City Council meeting was selected in order to conduct the first and second reading of the required ordinance by the LACCE extended deadline of March 31, 2018 (Executive Order E-4907).

Participation in the LACCE requires a municipal agency to approve the Joint Powers Agreement

Ordinance Approving Joint Powers Agreement to Join LACCE (15/15/15)

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(JPA) with the City of Los Angeles Community Choice Energy Authority (LACCEA), and authorizes the implementation of the CCA Program by way of the ordinance. The attached ordinance acknowledges the development of the LACCEA JPA, and the development of the LACCE Business Plan, and identifies the ability for the City to withdraw its membership in the LACCEA and the CCA program as detailed in the JPA.

On January 8th staff gave a presentation and announced a January 31, 2018 public meeting to the Chamber of Commerce Business Advocacy Committee. The Committee was generally supportive of the CCA program and expressed interest and support for the program. On January 31, 2018 City Staff conducted a public outreach meeting at the Oxnard Performing Arts & Convention Center from 6 – 8 p.m. The purpose of the meeting was to provide information to residents and businesses regarding the LACCE program. At this meeting translation was provided. Notification of the meeting was promoted through the City's website, promotional flyers, public access TV, posters in various key locations throughout the City, and on the River Park sign marque (see Attachment B). Thirteen members of the public attended this meeting and expressed support for the program.

In approximately mid-February, staff learned that the California Public Utility Commission (CPUC) took action to change the extended deadline of March 31st to March 1st. The City submitted a letter requesting to be considered under the “extended deadline provision” or by March 31st. Should Council take action to join LACCE, the first reading would occur prior to the March 1st deadline which should enable the City, and all types of accounts, to participate in the program by the first quarter of 2019.

ANALYSIS

What is LACCE

LACCE potentially provides lower energy rates and greater energy choices for residents and businesses, promotes electrical rate price stability, addresses climate change by reducing energy-related greenhouse gas emissions, creates jobs, and encourages development of local green energy projects.

LACCE is a method for governments to buy and/or generate electricity for residents and businesses and provides a partnership between the City and existing utility providers like Southern California Edison, giving local governments the option to purchase up to 100% renewable electricity such as solar, wind, bioenergy, geothermal, and hydroelectric at competitive rates. Oxnard could purchase from cleaner sources while using existing utilities to deliver electrical energy to residents. With the LACCE program, residents can choose to buy power through the LACCE or “opt out” and continue with Southern California Edison. In either case, Edison will continue to handle transmission and process the billing. Greater specific detail regarding the LACCE is provided in the attached Feasibility Study, LACCE Presentation for City Councils and Managers and the Board Report on LACCE Implementation. Additional information can be reviewed at the following: <https://www.lacounty.gov/lacce- documents>

(see Attachment C – Feasibility Study and LACCE Presentation provided at the January 31st public meeting).

LACCE Governance

LACCE will be governed by a Board of Directors, comprised of one elected representative of each city or jurisdiction participating in the program. Each jurisdiction that joins will be required to designate two alternate Directors to fill in if the primary is unavailable. Final decisions regarding the specific level of renewable energy to be procured, prioritization of local renewable energy programs and job development, and other governance issues will be determined by the Board of Directors, as specified in the JPA. These items will be determined by the Board at its regular meetings. The first official meeting of the Board was held August 4, 2017. Current member agencies include the County of Los Angeles and the cities of West Hollywood, Rolling Hills, South Pasadena, and Calabasas. Additionally, the County reports that the following cities have introduced an ordinance to join LACCE and will be official members with each ordinance's passage at the second reading: Cities of Alhambra, Carson, Sierra Madre, Manhattan Beach, Malibu, and Agoura Hills. Additionally, the City of Thousand Oaks has joined. The City of Moorpark is considering membership, along with a number of other Ventura County cities.

The voting structure of the Board of Directors, which has a two-tiered voting system intended to balance voting power between large and small cities. All actions are approved by a simple majority of the member agencies present, with each jurisdiction having a single vote. Approved actions can be overturned on a voting shares basis. The outcome of a voting shares vote is determined by the amount of power each agency procures as a percentage of the overall agency's electricity portfolio. For example, if an agency's total electrical load is five percent of LACCE's total portfolio (all the energy it buys for all of its member agencies), that agency would have five percent of the total vote. As such, the voting share vote acts a veto mechanism. While an action can be overturned with a voting shares vote, no actions can be approved solely by a voting shares vote. Instead, pursuant to the provisions of the JPA (Section 4.10.2), the action would require an affirmative voting shares vote and an affirmative percentage vote.

Financing

Funding for financing the creation of LACCE has been provided exclusively by the County of Los Angeles. No compensation from additional members is expected or required as part of the initial adoption phase, which includes the hard costs associated with JPA formation and program development. The JPA explicitly provides that the County will be reimbursed for all of its actual incurred expenses in creating both the Authority and the CCA program. All start-up costs associated with this project are fully reimbursable from revenue generated by ratepayers; however, the time period for reimbursement will be set by the Authority. Total costs to set up the program have been estimated by the County at \$15 million.

The Authority seated its Board of Directors in August 2017, and the Board initiated early stages of operation at that time. The Authority has established working capital to cover its expenses leading up to the delivery of electricity, which is projected for early 2018. At this time, the Agency has \$10 million in startup capital allocated as part of the \$15 million from the County to pay for program expenses during the approximate three month lag between provision of power to customers and receipt of revenues from SCE. It is possible that the Authority may seek some form of guaranty assistance from one or more of the public agencies if the County funding proves inadequate, although that is unknown at this time and is not discussed in the Joint Powers Agreement.

Joint Powers Agreement

The LACCE JPA agreement entitled “Los Angeles Community Choice Energy Authority - Joint Powers Agreement” is included as Attachment D (and associated Ordinance) to this report. The agreement was prepared by the County and has been reviewed by the City Attorney, City staff, and staff from other jurisdictions in the County over the course of the past few months. The LACCE agreement is based on similar agreements for CCA programs in the Bay Area. The JPA includes a complete set of rules, regulations, and principles for the formation and operation of LACCE, including the roles and responsibilities of each member agency. The following is a summary of the key provisions in the JPA:

- Separate Legal Entity. The JPA establishes the Los Angeles Community Choice Energy Authority as a separate legal entity; the member cities assume no obligation for the debts and liabilities of the Authority. However, if a member city withdraws from the Authority, that city will have continuing responsibility for any claims, demands, damages, or liabilities arising through the date of withdrawal. (Section 8.4.) In addition, the withdrawing city is also responsible for any costs or obligations associated with the city’s participation in the program that were incurred prior to the city’s withdrawal. (Section 8.4.)
- Board of Directors. The Authority Board of Directors shall consist of an elected representative from each member agency and two alternate directors from each member agency, both of whom must be either a member of the agency’s elected body, City staff, or an individual appointed from the community that has experience in energy related issues.
- Voting. The Authority Board of Directors can act by a majority of directors voting in favor of an item. Following an affirmative vote, if three directors so request, an Authority action can be overturned by a “Voting Shares Vote,” where each director’s vote represents that share of the Authority’s overall electrical load represented by the member entity. For example, Claremont’s share of the overall load is projected to be 0.84 percent, the City’s vote would be 0.84 percent towards a needed fifty percent majority to stop an action from proceeding.
- Implementation Plan. LACCE will create an Implementation Plan to establish a roadmap for the Authority’s operations and strategies. The Plan shall include a description of how the CCA Program will contribute to fostering local economic benefits, such as job creation and community energy programs.

- Withdrawal. The JPA agreement provides a process for member entities to withdraw and provides that in the event of a complete withdrawal of both municipal and all constituent accounts, the member agencies will reimburse the JPA for any costs incurred as a result of serving the withdrawing agency and all of its community's customers. (Section 8.)
- Powers. The JPA includes a number of powers for the Authority, including the contractual authority to purchase electricity, enter into agreements to implement the CCA program, and to submit documentation and compliance forms to ensure regulatory compliance. In addition, the Authority is granted permission to issue revenue bonds and other forms of indebtedness, to acquire property by eminent domain, as well as other regulatory related actions.

Risks and Risk Management

The primary risk in forming LACCE is that it will be unable to stay competitive with SCE, which could be caused by:

- Sudden and unfavorable changes to the energy market
- High customer opt- out rate
- Unreasonable costs imposed by SCE
- New California State laws or regulations

Other potential concerns involve JPA operational issues. For example, a large member of the JPA (who has a voting share that equals or exceeds the voting share to disapprove a matter before the board) can disapprove a matter if that large member gets the support of only one other member (Section 4.10.2.) A large member can also require that an action of the board has both an affirmative percentage vote of the entire board PLUS an affirmative voting share vote. Thus, a large member could effectively kill any proposal that the large member does not want to see passed.

The LACCE Business Plan concludes that there are no reasonable set of risk- related circumstances that would harm the ability of LACCE to be competitive with SCE.

STRATEGIC PRIORITIES

This agenda item supports the Economic Development strategy. The purpose of the Economic Development strategy is to develop and enhance Oxnard's business climate, promote the City's fiscal health, and support economic growth in a manner consistent with the City's unique character. This item supports the following goals and objectives:

Goal 1. Create vibrant and economically sustainable commercial, industrial and retail industries throughout the City.

Goal 2. Enhance business development throughout the City.

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to establish, preserve and improve our infrastructure and natural resources through effective planning, prioritization, and efficient use of available funding. This item supports the following goals and objectives:

Goal 5. Ensure orderly development and long-range conservation and management of our natural resources and coastal assets.

Objective 5a. Develop and implement a sustainability program.

Objective 5b. Protect ocean and waterways.

FINANCIAL IMPACT

The direct fiscal impact of the City's participation in LACCE is limited to staff time spent participating in the JPA and the implementation/transition process. If the City decides to exit the JPA after its initial launch, liabilities specified in the Joint Powers Agreement could have a fiscal impact for the City. The specified liabilities include costs from the resale of power contracts by the Authority to serve the City's electrical load and any administrative costs directly attributable to the City's withdrawal. The LACCE agreement creates a legal and financial separation of the assets and liabilities of the JPA from those of its member agencies; therefore, there is no financial risk for agencies to participate beyond costs associated with withdrawal. Currently, staff is unaware of any agencies within the State that have withdrawn from a CCA after electing to participate.

The City would become a customer of LACCE. Depending on which renewable energy scenario is selected by the CCA Board of Directors, the City could see energy costs go up or down.

The City would be eligible to participate in any future efficiency or incentive programs that may be developed by LACCE. The City currently lowers the cost of energy efficiency and renewable energy projects through participation in rebate and incentive programs offered by SCE. The City is expected to maintain eligibility to participate in SCE programs even if the City

Ordinance Approving Joint Powers Agreement to Join LACCE (15/15/15)
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were to join LACCE.

ATTACHMENTS:

Attachment A - Dec. 19th City Council staff report

Attachment B - LACCE PowerPoint

Attachment C - LACCE Feasibility study

Attachment D - Ordinance



**CITY COUNCIL
AGENDA REPORT**

**TYPE OF ITEM: Appointment
Item**

AGENDA ITEM NO.: 1

DATE: December 19, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

FROM: Ashley Golden
Development Services Director

SUBJECT: Evaluate Options Pertaining to Community Choice Aggregation (15/10/10)

CONTACT: Ashley Golden, Development Services Director
Ashley.Golden@oxnard.org, 385-7882

RECOMMENDATION:

That City Council choose from among three options:

1. Receive a report, and evaluate whether to join the Los Angeles Community Choice Energy (LACCE) program. Should the City Council choose to join the LACCE, the City Council will need to direct staff to return with more information pertaining to the financial and contractual obligations associated with participation in LACCE; and introduce an ordinance approving a Joint Powers Agreement with the Los Angeles Community Choice Energy program, and authorize the implementation of a Community Choice Aggregation program within the City; or
2. Receive a report, meet with key LACCE leadership, and monitor LACCE Authority membership developments over the next several months. Report back to the City Council at the City Council's February 6, 2018 City Council meeting; or
3. Investigate the concept of implementing a Community Choice Energy (CCE) program in the City or with a group of cities in the region; and direct staff to study options and return with a recommendation for a CCE model to consider and identify a funding source to conduct a feasibility study.

SUMMARY

The information in this report is provided to inform the City Council about the concept of Community Choice Aggregation (CCA), Community Choice Energy (CCE) options within

California, and Los Angeles Community Choice Energy (LACCE), and Community Choice Energy (CCE) options within California. The included information provides the greatest degree of certainty and detail possible at this point in time. This report summarizes the LACCE program and provides background associated with CCE programs in California, which would be an alternative to the LACCE program. Finally, staff has provided a summary regarding the feasibility study and conclusions associated with the Central Coast Power, Technical Feasibility Study and findings.

What is Community Choice Aggregation (CCA) or Energy (CCE)?

A CCA program is a legal structure that allows cities and counties to aggregate the buying power of individual electricity customers within their jurisdictions in order to secure energy supply contracts on a community-wide basis. The purpose of aggregating the purchase of electricity is to create an alternative electrical service option to the incumbent utility, which in Oxnard is Southern California Edison (SCE).

The goals of a CCA program include increasing the amount of renewable energy provided to residents, creating local clean energy jobs, reducing greenhouse gas emissions, and providing greater public accountability in energy decisions, generally at a cost savings compared to the incumbent electricity provider.

A CCA program is anticipated to lower electricity bills for participating customers, both residential and commercial, as well as provide a public board that would make decisions regarding the type, amount, and characteristics of clean power to be delivered to the CCA's customers. Local elected officials would then have the authority to create energy programs to support broad environmental and job creation goals, including energy efficiency, renewable energy construction, and energy conservation.

Background and Legislative History

A CCA program provides for government-led procurement of electricity for customers within their jurisdictional boundaries who elect to remain a program participant. This introduction of competition to the marketplace of electricity services allows customers an alternative choice in deciding which provider best meets their needs. As the chart below shows, there are two traditional models for energy service delivery: a Municipal Utility (MU) or an Investor-Owned Utility (IOU). Both models procure power on the market, transmit energy to the customer and is responsible for billing and customer service.

A CCA program is a hybrid approach where either a municipality, or a group of municipalities either under municipal operations or under a Joint Powers Agreement (JPA), procures energy and leverages the billing and transmission systems of the IOU. CCA programs leverage the market power of group purchasing, while enhancing consumer choice and local decision-making. CCA programs enable local governments to procure and/or develop power on behalf of their public facilities, residents, and businesses. CCA programs can lower rates, offer a greater range

Evaluate Options Pertaining to Community Choice Aggregation (15/15/15)

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of clean energy products, and create customized programs that better serve local priorities. In addition, CCA programs can create or increase services to residents, provide public accountability in the decisions and processes of electricity provision, create jobs associated with local clean energy generation and new energy programs, and reduce GHG emissions from the procurement of electricity from cleaner sources. CCAs are expected to provide these benefits for local governments where historically the IOUs have not.

CCA IS A HYBRID UTILITY OPTION

IOU Investor-Owned Utility	CCA Community Choice Aggregation	Municipal Utility (MU)
IOU Procures Power	JPA/Local Govts Procures Power	MU Procures Power
IOU Maintains Transmission Lines	IOU Maintains Transmission Lines	MU Maintains Transmission Lines
IOU Provides Billing & Customer Service	IOU Provides Billing & Customer Service	MU Provides Billing & Customer Service

CCA Legal Creation

In 2002, Governor Gray Davis signed California Assembly Bill 117, allowing groups of communities to purchase power on behalf of their residents and businesses, completely supported by revenues rather than taxpayer subsidies. The bill's stated goal was to provide pathways for local governments to facilitate the adoption of greater levels of clean energy, while providing public accountability in the provision of this service. Not only did it enable California to join the growing number of states allowing CCA, but it also mandated automatic customer enrollment, with an opt-out option.

When a community elects to create a CCA program, all customers within the community's jurisdictional boundaries automatically become a CCA energy recipient. While all residents and businesses automatically become energy customers of the CCA, each individual resident and business has the choice to opt-out and continue to receive energy from the IOU. This provision ensures that CCA programs are able to enroll a sufficient number of customers to maintain viability as a provider of electricity.

Community Choice Energy (CCE) Programs in California

Currently, staff is aware of eight CCE programs in California that deliver electricity to customers. Marin Clean Energy (MCE) was the first operational CCE in California. MCE began providing electricity to customers in May 2010. The program currently provides electricity in Marin, Napa, and Contra Costa counties by procuring energy for participating cities and for unincorporated areas of these counties.

Seven additional CCEs provide power to customers in California. Sonoma Clean Power, serving all cities and the unincorporated areas of Sonoma County, began providing electricity in 2014. The City of Lancaster adopted a CCA, Lancaster Choice Energy, which began providing electricity in 2015. The City and County of San Francisco created CleanPowerSF as a CCE in 2006, although the program did not begin delivering electricity until 2016. The following additional programs are also active within the State: Peninsula Clean Energy (San Mateo County); Redwood Coast Energy Authority (Humboldt County); Silicon Valley Clean Energy (Santa Clara County); and Apple Valley Choice Energy (Town of Apple Valley) (see Attachment A).

Beyond these programs, a large number of cities and counties are considering creating CCA programs. Another seven programs are expected to launch either this year or next, including efforts in Los Angeles County and the region. More than a dozen CCA programs appear to be under consideration across California (see [www. http://cleanpowerexchange.org/california-community-choice/](http://cleanpowerexchange.org/california-community-choice/)). As a result of the growth in CCA's on December 12, 2017 staff became aware of the California Public Utilities (CPUC's - Executive Order E-4907) interest in expanding CPUC oversight over CCAs and the interest in imposing a one year delay on new CCAs or CCA expansions where implementation plans have not been filed as of Dec. 8, 2017. Further, the CPUC is intending to establish a two year delay for programs that do not file implementation plans by Dec. 31, 2017. It also imposes new requirements regarding the start-date of CCA programs which impact economics and other timelines. The details of the executive order have just been released with further study, analysis, and implications to CCA's/CCE's in process to be determined.

Unlike the traditional JPA model where risk is wholly held by the JPA, a city would assume a larger risk responsibility under the hybrid CCEA model. Simply, the more control a city holds, the more risk it maintains. On one extreme, a city could form its own CCA program similar to the one Lancaster originally developed, wherein said city would have complete control over every aspect of the program. These models include the Cities of Lancaster, Apple Valley, Pico Rivera, and the City/County of San Francisco. Additional research is required to determine how financial risk is mitigated in these models. On the other end of the spectrum, a CCA managed by a traditional JPA, such as LACCE, is more directly isolated from the liabilities and obligations of the CCA. The traditional JPA creates a separate and distinct organization from its member agencies, which isolates the liabilities and risks so they do not impact its member agencies. The hybrid JPA is sort of a middle ground between these two options, wherein the member agencies share risk and costs on issues of common benefit, yet they maintain control over functions of local importance. A comparison of the different structures is provided in the table below:

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CCA Activities	Standalone City	Hybrid JPA	Traditional JPA
Rate Setting	Full Control	Full Control	One Vote
Revenue Control	Full Control	Full Control	One Vote
Renewable Portfolio	Full Control	Full Control	One Vote
Operating Risk	Full Risk	Shared Risk	None
Program Control	Full Control	Full Control	One Vote
Administrative Costs	Full Cost	Shared Cost	None

The fiscal impact associated with a CCE for the City of Oxnard, with or without other cities in the region, has not yet been evaluated but models exist from which to gather information.

Creation of a Community Choice Energy (CCE) Program in Ventura County.

Ventura, Santa Barbara and San Luis Obispo Counties partnered in 2015 to evaluate the feasibility of creating a CCE program for the collective three counties (Central Coast Region).

In August of 2017 the Central Coast Power Feasibility Study (Study) was issued. The Study was completed by Willdan and EnerNex who were hired by the Counties and Cities within the Central Coast region. The Study objectives were directed by the Central Coast Power Advisory Group.

The Study concluded that a CCA Program for the region, and for combinations of agencies within the region, was not financially feasible. Meaning that over the time period examined (2020-2030), CCA rates for nearly all customer classes could not be maintained at levels lower than the incumbent utilities – Pacific Gas & Electric (PG&E) and SCE.

The Study determined CCA feasibility by projecting the cost of procuring wholesale power, by determining the cost of operating a CCA across the region, and by projecting the rates of the incumbent utilities. The Study also examined CCA feasibility across different operating scenarios: different amounts of renewable energy supplied by the CCA, different levels of customer participation, and CCA participation by individual Counties and cities within each County.

The Study concluded that for nearly all rate classes, under all operating scenarios, a Central Coast CCA could not maintain rates lower than PG&E and SCE. The Advisory Group commissioned an independent, Peer Review assessment of the Study was conducted by MRW & Associates even before the Study was issued. The Peer Review is publicly available on the Central Coast Power website, as is the Study author's response to the Peer Review. The Study authors maintain that, even with including several modifications as proposed by the Peer Review consultant, a Central Coast CCA could not maintain rates lower than the incumbent utilities.

The Central Coast Power Feasibility Study is confounding in that it declares CCA not feasible in the region at the same time, as staff has pointed out, that CCAs across the State – in both PG&E and SCE territory – are operating and are in formation. The CA Public Utilities Commission has declared that shortly (by 2025) they expect 85% of investor owned utilities load to be served by third parties (either CCAs, customer self-generation, or retail market suppliers – see Attachment B). In SCE territory alone CCAs are operating in the cities of Lancaster, Apple Valley and Pico Rivera. LACCE will commence operations in early 2018 initially serving Los Angeles County municipal accounts only and with 5 other cities enrolled in their CCA JPA. Staff is aware that the County of Riverside is filing their CCA Implementation Plan with the California Public Utility Commission shortly. The Cities of Huntington Beach and Irvine City Councils have commissioned initiation of their own feasibility studies.

CCAs are operating throughout PG&E territory in: Marin, Sonoma, Mendocino, Napa, Alameda, San Francisco, Santa Clara, Monterey, San Benito, Santa Cruz and Yolo Counties.

Los Angeles Community Choice Energy (LACCE) and Formation

Los Angeles County has completed a feasibility assessment for a CCA program throughout Los Angeles County. The County CCA has been named the Los Angeles Community Choice Energy (LACCE) Authority. The LACCE process has produced a technical study, in which a consultant team of energy experts and economists assessed the range of likely costs of implementing a CCA program within Los Angeles County under a variety of scenarios. Such a study is required for any potential CCA. In addition to cost data, the technical study also provides an analysis of various legal, regulatory, market risks and threats to the program. The Los Angeles County technical study was completed in July 2016.

The completed technical study demonstrated that the LACCE program is both feasible and cost effective under a range of scenarios within Los Angeles County. The LACCE program is expected to result in costs that are approximately 5.4 percent lower than all current SCE rate classes. This rate scenario would provide an equivalent portfolio of renewable energy to SCE. Currently, twenty-eight percent of SCE's energy comes from renewable sources which is provided to all SCE customers, including Ventura County. The LACCE could also offer a fifty percent renewable energy package, which was estimated to cost 4.1 percent less than SCE's 28 percent renewables rate.

There is also the potential for the LACCE to provide a 100 percent renewable package, which the study estimated would amount to a 6.3 percent cost increase over the SCE basic cost (28 percent renewables – this based upon the initial business plan). Customers are anticipated to be allowed to voluntarily select this option. As a result, environmentally-minded residents and businesses could contribute to sustainability goals with minimal cost impacts. They could reap these benefits without having to pay the large capital costs associated with the installation of solar panels, and other capital intensive projects. This may be valuable to residents who rent homes in Oxnard and are not able to install solar systems, but would like to support greener energy grid options. Residents who choose to "opt-up" will receive the same energy as other

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residents in LACCE but the overall mix of energy provided by LACCE is marginally greener. A fact sheet pertaining to the LACCE program is attached (see Attachment C).

Which of the renewable package options would constitute the basic level of service is not currently defined, and will be decided by the LACCE Authority as it continues with implementation. Also, final determination of all rates to be charged to customers will be determined just prior to LACCE operations.

The LACCE program is structured so that energy is provided as follows:

- Phase 1 – Energy provided to LA County municipal accounts only; this “pilot” project will occur sometime in the first quarter of 2018;
- Phase 2 – Energy will be provided to member agency municipal accounts as well as LA County and member agency commercial and industrial accounts; sometime in June 2018 and in a “roll out” fashion; and
- Phase 3 – Energy provided to residential accounts; by Dec. 2018.

A recent LACCE board action on Dec. 7, 2017 spoke to additional phases for which the LACCE Board is considering.

According to LACCE, in order to ensure that Oxnard can join LACCE with no membership fee, the City must join by December 27, 2017. However, on December 12, 2017, staff learned that due to the Ventura County fires the LACCE Board extended the timeframe by which agencies must go. Interested cities have three months or roughly by the end of March 2018 to join. Because action to join the LACCE is required to be taken by ordinance, a first and second reading of the ordinance followed by a 30-day period before the ordinance will take effect there is no way the required action will be initiated by the December deadline. Entities joining the LACCE after the extended deadline or by March 31, 2018 deadline would be aggregated and added into the LACCE JPA in June 2018. The cost, if any to join after 2017 is not known at this time. Electric power would become available to non-initial participants in 2019.

On December 12th, the County of Ventura Board of Supervisors and the City of Thousand Oaks voted to join LACCE.

Joint Powers Agreement (JPA)

The LACCE JPA agreement entitled “Los Angeles Community Choice Energy Authority - Joint Powers Agreement” is included as Attachment D to this report. The agreement was prepared by LA County and has not been reviewed by the Oxnard City Attorney or fully evaluated by Staff. To participate in the LACCE the City would need to sign the JPA. The following is a summary of the key provisions in the JPA:

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- Separate Legal Entity. The JPA establishes the Los Angeles Community Choice Energy Authority as a separate legal entity; the member cities assume no obligations (except in narrow circumstances provided for in the JPA, e.g., upon withdrawal, Section 8 of the JPA) for the debts and liabilities of the Authority.
- Board of Directors. The Authority Board of Directors shall consist of an elected representative from each member agency and two alternate directors from each member agency, both of whom must be either a member of the agency's elected body, City staff, or an individual appointed from the community that has experience in energy related issues.
- Voting. The Authority Board of Directors can act by a majority of directors voting in favor of an item. Following an affirmative vote, if three directors so request, an Authority action can be overturned by a "Voting Shares Vote," where each director's vote represents that share of the Authority's overall electrical load represented by the member entity. For example, Claremont's share of the overall load is projected to be 0.84 percent, the City's vote would be 0.84 percent towards a needed fifty percent majority to stop an action from proceeding.
- Implementation Plan. LACCE will create an Implementation Plan to establish a roadmap for the Authority's operations and strategies. The Plan shall include a description of how the CCA Program will contribute to fostering local economic benefits, such as job creation and community energy programs.
- Withdrawal. The JPA agreement provides a process for member entities to withdraw and provides that in the event of a complete withdrawal of both municipal and all constituent accounts, the member agencies will reimburse the JPA for any costs incurred as a result of serving the withdrawing agency and all of its community's customers. This could include the cost of power procured over long-term contracts for all JPA members.
- Powers. The JPA includes a number of powers for the Authority, including the contractual authority to purchase electricity, enter into agreements to implement the CCA program, and to submit documentation and compliance forms to ensure regulatory compliance. In addition, the Authority is granted permission to issue revenue bonds and other forms of indebtedness, to acquire property by eminent domain, as well as other regulatory related actions.

Fiscal impact to the City, LACCE governance, and Financing of the LACCE would need to be further evaluated should the City wish to participate in LACCE and sign the JPA.

Conclusion

CCA programs are being adopted throughout the State. Depending on the renewable portfolio selected by the CCA program, Oxnard residents and businesses could potentially save on their

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current energy consumption. The City's greenhouse gas (GHG) emissions could also be lowered as a result of CCA program operation; this would support the City Council's goals stipulated in the City's Energy Action Plan (April 2013) of reducing greenhouse gas emissions ten percent by 2020. These monetary savings would be coupled with the environmental benefits that come with having a portfolio with greater amounts of renewable energy being consumed within the community.

Two things are important to note when discussing the feasibility of CCA's:

1. CCAs in California have been operating successfully and other feasibility studies indicate that they are forecasted to continue to operate successfully using the same forecasts of future power supply costs, CCA operating costs, and future utility rates; and
2. Size or scale of customer load does not seem to matter regarding feasibility as individual cities are operating CCAs in SCE territory now, and other individual cities are exploring CCA feasibility.

Joining the LACCE or another, larger CCA should be carefully examined in light of these situations:

1. LACCE is claiming that other jurisdictions may join their CCA, and that there is an urgency in that jurisdictions may be charged a fee for joining later. This is confusing in that other CCAs that enroll other agencies after initial operations (Marin Clean Energy, Sonoma Clean Power) have not charged those agencies. In addition, all CCA operating costs are collected in customer rates – Staff is not aware of one-time, CCA capital or operating costs that should appropriately be collected up front from new participants. Also, if operating CCAs are financially viable, then adding new load from new participants increases financial viability (and revenues) and new participants should be welcomed – not necessarily charged for joining. In other operating CCAs, initial costs to develop and implement were covered by cash contributions or loans which were paid back through customer rates. Under a financially viable CCA, the more customers there are – the sooner the contributions or loans are paid back.
2. An often-stated feature of CCAs is that they provide “local control.” For most CCAs this has meant local entities determine where to procure wholesale power and how to establish retail rates. However, under CCA operations “local control” should also consider the following:
 - How can rates be used in individual jurisdictions to support community/local goals and objectives (e.g., agricultural and low income in Ventura County)? Can a rate exist specifically for Ventura County/Oxnard ratepayers?
 - What types of energy programs (efficiency, local renewables, customer behavior, etc.) will be used in communities for the same purposes? Can Ventura County/Oxnard design energy programs for specific rate classes?
 - How will CCA revenues be used in support of individual/local jurisdictions? Will use of revenues be determined and used locally – or will they be determined and used across the JPA membership?
 - How can CCAs support local policies and goals? The larger the CCA, the more difficult it may become to meet individual city objectives. Many of the CCAs in

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northern California consists of jurisdictions that are “like-minded” demographically and politically. Will this be true of joining a CCA JPA with many members and diverse demographics and politics?

In the City of Oxnard especially, given the recent (and ongoing) situation around the Puente Power Plan, Staff recommends that the City should examine how a CCA will meet the City’s specific energy goals. In 2020, the City will again be subjected to an SCE solicitation to acquire resources to mitigate the need for the Puente Power Plant. How can a CCA (whether a large, multi-jurisdiction CCA; or a small CCA – perhaps only Oxnard and neighboring cities) help meet the requirements of that solicitation and finalize the mitigation of Puente Power Plant? These local needs may be lost under a large, geographically and politically diverse CCA.

A more thorough vetting of the value of CCA to “local” needs – especially under the State’s volatile energy industry – is warranted. The CCA landscape is changing and different models are emerging – especially around smaller CCAs that can address local issues and needs. In evaluating the two options, there are pros and cons associated with both. Staff has highlighted them in the table below, but the primary differences between the two programs are program control, comfort with risk, and the desired intensity of staff and resource dedication.

LACCE		CCEA	
Pros	Cons	Pros	Cons
No cost to participate	One vote on Board	City Council makes decisions on behalf of City	Startup loan required
Minimal staff Impact	Potential for large Board	Full revenue control	Heavy staff involvement
No operating risk	Operating procedures not defined	Claremont only programs	Operating risk
	No revenue control		
	Regional programs		

There are still a lot of unknowns with participation in either the LACCA or another CEEA program. If the City were to join LACCE, the program is still in its early stages with a lot of questions to be answered: Can cities phase in their facilities? How would the withdrawal process work if a city decides to exit the program? Will program revenue be shared with the cities and how much? How large will the program/Board be? What percentage of Oxnard program revenues will go back into the community?

Questions regarding CCEA include: Will energy costs savings be similar to LACCE? Will CCEA also have a legislative risk? Specifically, legislation was proposed at the State level at the end of this year’s legislative session that would have prevented the formation of any new CCA programs. While the legislation was defeated this year, it could be introduced again next year. If the City is in the process of studying the feasibility of participation in CCEA and such legislation

were to pass, the City would potentially forfeit its investment in becoming a CCEA member. There are no answers to these questions at the present time.

Joining LACCE would remove the legislative risk and ensure that the City gets to participate in a CCA program, and if the City joins now it would have a chance to mold program operations and procedures as an early adopter. However, joining CCEA provides complete control of programming and local investment. Both programs have their strengths and weaknesses.

STRATEGIC PRIORITIES

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to establish, preserve and improve our infrastructure and natural resources through effective planning, prioritization, and efficient use of available funding. This item supports the following goals and objectives:

Goal 1. Ensure Master plans for all City infrastructure are current, synchronized and consistent with the General Plan.

Goal 5. Ensure orderly development and long-range conservation and management of our natural resources and coastal assets.

Objective 5a. Develop and implement a sustainability program.

Objective 5b. Protect ocean and waterways.

FINANCIAL IMPACT

Any of the options and alternatives the City Council will consider will require a thorough financial analysis. If the City were to join and receive its energy from a LACCE program, the financial and risk impact of this contractual arrangement would need to be analyzed and is dependent upon the energy portfolio selected by the City's ratepayers and the negotiated agricultural rates stipulated by SCE.

It is currently unknown what the costs of participation in any CCA would be and what benefits would be derived for the City under each CCE option.

ATTACHMENTS:

Attachment A - LACCE Fact Sheet

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Attachment B - JPA Agreement

Attachment C - Summary of CCA's

Attachment D - CPUC Retail Choice White Paper

LOS ANGELES COUNTY

CHIEF SUSTAINABILITY OFFICE**Los Angeles Community Choice Energy FAQ****What is Los Angeles Community Choice Energy (LACCE)?**

LACCE is the name for a Community Choice Aggregation (CCA) program in Los Angeles County. California law allows local governments to control the source and the price of the electricity consumed by their residents and businesses using a CCA program.

How does LACCE work?

LACCE will negotiate contracts for power supply and offer renewable electricity at competitive rates. Southern California Edison (SCE) delivers it through its existing utility lines. SCE continues to bill the customer, maintain power lines and handle new service requests and emergencies.

How will LACCE be run?

LACCE will be run by an Executive Director and a small staff. It will be overseen by elected officials from cities and the county who will serve on a Board of Directors of the LACCE Authority, a nonprofit agency established to operate the program. The Board will be advised by a public Community Advisory Committee.

Will LACCE just create another layer of bureaucracy?

No. LACCE will be entirely self-funded by revenues it receives from the sale of electricity to customers. None of its expenses are paid by taxes, and its revenues cannot be diverted to pay for non-LACCE uses.

Have other communities done this before?

Yes, more than 70 cities and counties in California are already doing this. There are currently seven operational CCAs in California: Apple Valley Choice Energy, CleanPowerSF, Lancaster Choice Energy, MCE Clean Energy, Peninsula Clean Energy, Silicon Valley Clean Energy and Sonoma Clean Power. More

lacounty.gov/sustainability

and more communities in California continue to investigate Community Choice Aggregation. In addition, Illinois, Ohio, Massachusetts, New Jersey, Rhode Island, and New York also have community power programs. Furthermore, the State of California estimates that by the mid-2020s, more than 80% of Investor Owned Utility (IOU) customers will receive their power from non-IOU providers like CCAs.

Have the 70 cities and counties in California that have already formed CCAs experienced rate increases?

No. Almost every city has reduced its residents' utility bills. Some CCAs in California offer rates approximately equal to those offered by their existing utility. However, in these cases the CCAs power is significantly greener than the power offered by the existing utility.

How can CCAs offer lower rates than the existing utilities?

There are many factors that contribute to CCA's ability to offer cheaper rates than incumbent utilities. CCAs have less overhead and can acquire low-cost government debt financing. Also, because CCAs are nonprofit governmental entities, they do not need to make profits for shareholders

Who can participate?

LACCE is available to all residents and businesses in L.A. County cities serviced by SCE. The only cities that cannot participate are cities with their own municipal utility (like LADWP in Los Angeles or Glendale Water & Power in Glendale)

How does a city join LACCE?

Cities join LACCE by having their city councils approve the LACCE Joint Powers Agreement and the CCA enabling ordinance. Once a city chooses to participate, all its residents and businesses will automatically be enrolled for LACCE service, starting in 2018. Importantly, customers can opt out of LACCE service and return to SCE at any time.



There are many cities in LA County. Won't they have different goals in terms of how much renewable energy to purchase and the importance of maintaining lower rates?

Yes. That is why each city can make its own choice on the level of renewable energy it wants to purchase for its residents (e.g., 33%, 50%, or 100%).

Is there a liability or legal risk to a city or its residents for joining?

No. The city and its residents are protected because LACCE is a separate legal entity as defined in California law. Its liabilities and obligations are its own, not those of the individual cities that are members.

Won't L.A. County just make all the decisions for the cities that join?

No. Decisions will be made by the LACCE Board of Directors. L.A. County will have one seat on the Board, as will any participating city. So L.A. County will not be able to make decisions on behalf of cities.

Does it cost for customers opt out of LACCE?

Customers can opt out of LACCE at no cost during the first 60 days of the program. After that, a small processing fee (around \$1.50) may be charged.

How much does it cost a city to join?

There are no membership fees or other costs for cities to participate. Cities may choose to spend money on public information materials and may dedicate some staff time to supporting their representative on the Board of Directors of the LACCE Authority.

Does LACCE replace SCE?

No. LACCE only replaces SCE's electric procurement services with its LACCE's own electric generation services. LACCE will generate cleaner electricity, and pay SCE to carry and deliver it to your home or business through their wires. SCE is still responsible for electric delivery, billing and powerline maintenance, including handling power outages and other emergencies.



How does SCE feel about LACCE?

SCE is officially neutral on the formation of LACCE and is committed to ensuring a smooth transition for all LACCE customers.

Will I get two electric bills?

Customers will see no change with their billing and will continue to receive one monthly bill from SCE. The only difference will be a few line items that note that the customer's electricity was generated by LACCE. And, their bill may be lower.

Will SCE programs still be available to LACCE customers?

Yes, almost all SCE programs are still available to LACCE customers. Furthermore, LACCE will offer other, separate programs for its customers in addition to the existing programs offered by SCE.

When does LACCE begin serving customers?

LACCE will begin serving customers through a three-phase enrollment period. The initial group of customers begin enrollment in January, 2018. The second and third phases will take place later in 2018

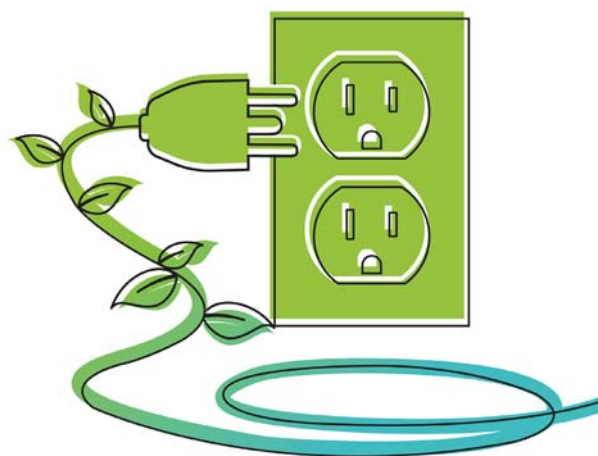


LOS ANGELES COMMUNITY CHOICE ENERGY (LACCE)

1. What is LACCE?

Los Angeles Community Choice Energy (LACCE) is the name for a regional Community Choice Aggregation program in Los Angeles County.

Community Choice Aggregation (CCA), authorized in California under AB 117 (2002) and SB 790 (2011), allows local governments, including counties and cities, to purchase electricity in the wholesale power market and sell it to their residents and businesses at competitive rates as an alternative to electricity provided by an investor owned utility (IOU).



LA's got GREEN POWER
#GreenLA #EnergyChoice

2. About the LACCE Feasibility Study

The County of Los Angeles, at the direction of the Board of Supervisors, initiated a technical feasibility study to determine if the County can meet the electricity load requirements for 82 eligible cities and County unincorporated areas with rates that are competitive with the local IOU, Southern California Edison. This feasibility study culminated in a Business Plan. This Business Plan concluded that the formation of a CCA in Los Angeles County is financially feasible and would yield considerable benefits for all participating County residents and businesses.

3. LACCE Benefits

Perhaps the greatest benefit of CCA to local governments is the economic vitality it can bring to the community, and the region as a whole. Benefits to the local community include:

- Local control over energy mix - meet or exceed Renewable Portfolio Standard (RPS)
- Create quality jobs and local, renewable generation assets
- Meet or exceed Climate Action Plan goals
- Invest in local energy programs - integrated demand side management
- Provide rate stability - lower costs for homeowners and businesses
- Consumer choice - competition for lower rates and options for cleaner energy

4. Process of Formation and Funding

From December 2016 - March 2017, the County worked with relevant stakeholders and interested cities to negotiate a Joint Powers Agreement (JPA) to govern the LACCE program.

On Tuesday, April 18, 2017, the Los Angeles County Board of Supervisors unanimously approved a motion to begin the implementation of LACCE, including the JPA and the \$10 Million in funding needed to begin pre-operation and start up activities.

5. Options for Cities

Initial Participants

Cities that execute the LACCE JPA within 180 days of LACCE's formation will become Initial Participants of the program. Initial Participants will benefit from the \$10 Million loan from Los Angeles County and will not have to commit any funds of their own.

Furthermore, Initial Participants will have the opportunity to make important, foundational decisions at the inception of LACCE. These include the establishment of committees to ensure sound governance and the hiring of an Executive Director to oversee LACCE operations.

(Continued on back)

Membership after Formation

If cities do not wish to be Initial Participants, they will have the option to become a member of LACCE after its formation. In this scenario, a city's membership will be subject to approval of the LACCE Board of Directors, and any conditions that the Board of Directors finds reasonable, potentially including a monetary contribution.



Implementation Schedule

LACCE IMPLEMENTATION SCHEDULE									
2017-2018									
	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan
First City adopts JPA		◆	OPEN ENROLLMENT PERIOD						
First LACCE Board Meeting		◆							
Executive Director Search									
Phase 1 begins								◆	◆

6. Next Steps for Cities

Cities that would like to participate in the LACCE program should reach out to the County of Los Angeles for more information. The County will provide information on upcoming meetings and a more detailed timeline of LACCE formation and launch.

The County can also schedule individual briefings for city councilmembers and/or city staff.

For more information, please contact:

GARY GERO

Chief Sustainability Officer

County of Los Angeles

Phone 213-974-1160

Email ggero@ceo.lacounty.gov

LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY

JOINT POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement"), effective as of _____, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in Exhibit A.

RECITALS

1. The Parties are public agencies sharing various powers under California laws, including but not limited to the power to purchase supply, and aggregate electricity for themselves and their inhabitants.
2. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local government to develop programs to reduce greenhouse emissions.
3. The purposes for the Initial Participants (as such term is defined in Section 2.3 below) entering into this Agreement include addressing climate change by reducing energy related greenhouse gas emissions and securing energy supply and price stability; energy efficiencies and local economic benefits, such as jobs creation, community energy programs; and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.
4. The Parties desire to establish a separate public agency, known as the Los Angeles Community Choice Energy Authority ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Initial Participants have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.
6. By establishing the Authority, the Parties seek to:
 - (a) Develop an electric supply portfolio with overall lower greenhouse gas intensity and lower greenhouse gas (GHG) emissions than Southern California Edison ("SCE"), and one that supports the achievement of the parties' greenhouse gas reduction goals and the comparable goals of all participating jurisdictions;

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

- (b) Establish an energy portfolio that encourages the use and development of cost-effective local renewable and distributed energy resources and that discourages the use unbundled renewable energy credits;
- (c) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (d) Provide electricity rates that are lower or at worst competitive with those offered by SCE for similar products;
- (e) Offer differentiated energy options (e.g. 33% or 50% qualified renewable) for default service, and a 100% renewable content option in which customers may "opt-up" and voluntarily participate;
- (f) Achieve quantifiable economic benefits to the region;
- (g) Recognize the value of current workers in existing jobs that support the energy infrastructure of Los Angeles County and Southern California (e.g. union and prevailing wage jobs, local workforce development, apprenticeship programs, and local hire). The Authority, as a leader in the shift to clean energy, commits to ensuring it will take steps to minimize any adverse impacts to these workers to ensure a "just transition" to the new clean energy economy;
- (h) Support a stable, skilled workforce through such mechanisms as project labor agreements, collective bargaining agreements, or community benefit agreements, or other workforce programs that are designed to avoid work stoppages, ensure quality, and benefit local residents by delivering cost-effective clean energy programs and projects (e.g. new energy programs and increased local energy investments);
- (i) Promote supplier and workforce diversity, including returning veterans and those from disadvantaged and under-represented communities, to better reflect the diversity of the region;
- (j) Promote personal and community ownership of renewable resources, spurring equitable economic development and increased resilience, especially in low income communities;
- (k) Provide and manage its energy portfolio and products in a manner that provides cost savings to customers and promotes public health in areas impacted by energy production;
- (l) Ensure that low-income households and communities are provided with affordable and flexible energy options, including the provision of energy discounted rates to eligible low-income households;
- (m) Recognize and address the importance of healthy communities, including those disproportionately affected by air pollution and climate change;

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- (n) Use program revenues to provide energy-related programs and services; and
- (o) Create an administering Authority that is financially sustainable, responsive to regional priorities, well-managed, and a leader in fair and equitable treatment of employees.

1. DEFINITIONS

- 1.1 "AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.
- 1.2 "Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).
- 1.3 "Agreement" means this Joint Powers Agreement.
- 1.4 "Authority" means Los Angeles Community Choice Energy Authority.
- 1.5 "Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.
- 1.6 "Board" means the Board of Directors of the Authority.
- 1.7 "Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.
- 1.8 "CCA Program" means the Authority's program relating to CCA that is principally described in Section 2.4 (Purpose) of this Agreement.
- 1.9 "Days" shall mean calendar days unless otherwise specified by this Agreement.
- 1.10 "Director" means a member of the Board representing a Party, including up to two alternate Directors appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.
- 1.11 "Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.
- 1.12 "Initial Costs" means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of the executive, technical, and any administrative staff, any required accounting, administrative, technical and legal services in support of the Authority's initial formation activities or in support of the negotiation, preparation and approval of

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power purchase agreements. The Board shall determine the termination date for the Initial Costs.

- 1.13 "Initial Participants" means, for purpose of this Agreement, the County of Los Angeles, and the cities of _____, and any other Parties joining in accordance with Section 2.3 (Initial Participants) of this Agreement.
- 1.14 "Operating Policies and Procedures" means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.
- 1.15 "Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions in Sections 2.3 (Initial Participants) or 2.5 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.
- 1.16 "Party" means, singularly, a signatory to this Agreement that has satisfied the conditions in Sections 2.3 (Initial Participants) or 2.5 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.
- 1.17 "Public Agency" as defined in the Act includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, a county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to the Act.

2. FORMATION OF LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY

- 2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by the County of Los Angeles and at least one other public agency after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.3 (Mutual Termination) of this Agreement, subject to the rights of the Parties to withdraw from the Authority.
- 2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency which is named Los Angeles Community Choice Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing body of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. The jurisdiction of the Authority shall be all territory within the geographic boundaries of the Parties; however the Authority may, as authorized under applicable law, undertake any

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action outside such geographic boundaries as is necessary and incidental to the accomplishment of its purpose.

- 2.3 **Initial Participants.** In addition to Parties executing this Agreement on or prior to the Effective Date, any incorporated municipality, county, or other eligible public agency may become a Party and recognized as an Initial Participant provided during the first 180 days after the Effective Date it executes this Agreement and delivers an executed copy of this Agreement and a copy of the adopted ordinance required by Public Utilities Code Section 366.2(c)(12) to the Authority. All Initial Participants to this Agreement shall be required to commence electric service as soon as practicable, as determined by the Board.
- 2.4 **Purpose.** The purpose and objectives of this Agreement are to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide a means by which the Parties can more effectively develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of the Parties and their constituents, including, but not limited to, establishing and operating a Community Choice Aggregation program.
- 2.5 **Addition of Parties.** After 180 days from the Effective Date any incorporated municipality, county, or other public agency may become a Party to this Agreement if all of the following conditions are met:
- 2.5.1 The adoption of a resolution of the Board admitting the public agency to the Authority;
 - 2.5.2 The adoption by an affirmative vote of the Board satisfying the requirements described in Section 4.10 (Board Voting) of this Agreement, of a resolution authorizing membership into the Authority and establishing its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership;
 - 2.5.3 The adoption by the public agency of an ordinance required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the public agency;
 - 2.5.4 Payment of the membership payment, if any; and
 - 2.5.5 Satisfaction of any reasonable conditions established by the Board.

Pursuant to this Section 2.5 (Addition of Parties), all parties shall be required to commence electric service as soon as is practicable, as determined by the Board, as a condition to becoming a Party to this Agreement.

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- 2.6 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added, as described in Section 2.5 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

3. **POWERS**

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties and which are necessary or convenient to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement. As provided in the Act, the Authority shall be a public agency separate and apart from the Parties.
- 3.2 **Specific Powers.** The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following:
- 3.2.1 make and enter into contracts;
 - 3.2.2 employ agents and employees, including but not limited to an Executive Director;
 - 3.2.3 acquire, contract, manage, maintain, and operate any buildings, works or improvements;
 - 3.2.4 acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;
 - 3.2.5 lease any property;
 - 3.2.6 sue and be sued in its own name;
 - 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
 - 3.2.8 issue revenue bonds and other forms of indebtedness;
 - 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;

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- 3.2.10 form independent corporations or entities, if necessary to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;
- 3.2.11 submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority ("Operating Policies and Procedures"); and
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.
- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it as a matter of law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the County of Los Angeles.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of the Parties unless the governing body of a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority. In addition, pursuant to the Act, no Director shall be personally liable on the bonds or subject to any personal liability or accountability by reason of the issuance of bonds.
- 3.6 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

4. GOVERNANCE

- 4.1 **Board of Directors.** The governing body of the Authority shall be a Board of Directors ("Board") consisting of one director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement. The Board, in consultation with the Executive Director, may determine at any time to consider options to reduce the size of the Board if it determines that the efficient functioning and operation of the Board would be improved by having a smaller number of Directors. Any such change to the size

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of the Board would require amendment of this Joint Powers Agreement in accordance with Section 4.11 (Special Voting).

4.2 Appointment and Removal of Directors. The Directors shall be appointed and may be removed as follows:

4.2.1 The governing body of each Party shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The governing body of each Party shall appoint and designate in writing up to two alternate Directors who may vote on matters when the regular Director is absent from a Board meeting. The person appointed and designated as the regular Director shall be an elected or appointed member of the governing body of the Party. The persons appointed and designated as the alternate Directors may be an elected or appointed member of the governing body of the Party, an appointed member of an advisory body of the Party, a staff member of the Party or a member of the public who meets the criteria below. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.

(a) Any alternate Director that is a member of the public must have demonstrated knowledge in energy-related matters through significant experience in either: 1) an electric utility or company, agency, or nonprofit providing services to a utility, 2) a regulatory agency or local government body overseeing an electric utility or a company, agency, or nonprofit providing services to such an agency, 3) an academic or nonprofit organization engaged in research and/or advocacy related to the electric sector.

4.2.2 The Operating Policies and Procedures, to be developed and approved by the Board in accordance with Section 3.2.12 (Specific Powers), shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Directors have been removed may appoint a replacement.

4.3 Terms of Office. Each regular and alternate Director shall serve at the pleasure of the governing body of the Party that the Director represents, and may be removed as Director by such governing body at any time. If at any time a vacancy occurs on the Board, the affected Party shall appoint to fill the position of the previous Director within 90 days of the date that such position becomes vacant.

4.4 Purpose of Board. The general purpose of the Board is to:

4.4.1 Provide structure for administrative and fiscal oversight;

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- 4.4.2 Retain an Executive Director to oversee day-to-day operations;
 - 4.4.3 Retain legal counsel;
 - 4.4.4 Identify and pursue funding sources;
 - 4.4.5 Set policy;
 - 4.4.6 Maximize the utilization of available resources; and
 - 4.4.7 Oversee all Committee activities.
- 4.5 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:
- 4.5.1 Identify Party needs and requirements;
 - 4.5.2 Formulate and adopt the budget prior to the commencement of the fiscal year;
 - 4.5.3 Develop and implement a financing and/or funding plan for ongoing Authority operations;
 - 4.5.4 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
 - 4.5.5 Adopt rules for procuring supplies, equipment, and services;
 - 4.5.6 Adopt rules for the disposal of surplus property;
 - 4.5.7 Establish standing and ad hoc committees as necessary to ensure that the interests and concerns of each Party are represented and to ensure operational, technical, and financial issues are thoroughly researched and analyzed;
 - 4.5.8 The setting of retail rates for power sold by the Authority and the setting of charges for any other category of retail service provided by the Authority;
 - 4.5.9 Termination of the CCA Program;
 - 4.5.10 Address any concerns of consumers and customers;
 - 4.5.11 Conduct and oversee Authority audits at intervals not to exceed three years;
 - 4.5.12 Arrange for an annual independent fiscal audit;

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- 4.5.13 Adopt such bylaws, rules and regulations as are necessary or desirable for the purposes hereof; provided that nothing in the bylaws, rules and regulations shall be inconsistent with this Agreement;
- 4.5.14 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as the Board may elect to delegate to the Executive Director; and
- 4.5.15 Discharge other duties as appropriate or required by statute.
- 4.6 **Startup Responsibilities.** The Authority shall have the duty to do the following within one year of the Effective Date of the Agreement:
 - 4.6.1 To adopt an implementation plan prepared by the County of Los Angeles, pursuant to Public Utilities Code Section 366.2(c)(3), for electrical load aggregation;
 - 4.6.2 To prepare a statement of intent, pursuant to Public Utilities Code Section 366.2(c)(4), for electrical load aggregation;
 - 4.6.3 To encourage other qualified public agencies to participate in the Authority;
 - 4.6.4 To obtain financing and/or funding as is necessary or desirable;
 - 4.6.5 To evaluate the need for, acquire, and maintain insurance.
- 4.7 **Meetings and Special Meetings of the Board.** The Board shall hold at least one regular meetings per year but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law.
- 4.8 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.9 **Quorum; Approvals.** A majority of the Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law. The affirmative votes of a majority of the Directors who are present at the subject meeting shall be required to take any action by the Board.
- 4.10 **Board Voting.**
 - 4.10.1 **Percentage Vote.** Each Director shall have one vote. Action of the Board on all matters shall require an affirmative vote of a majority of all

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Directors who are present at the subject meeting, except when a supermajority vote is expressly required by this Agreement. When a supermajority vote is required under Section 4.11 (Special Voting), action of the Board shall require an affirmative vote of the specified supermajority of all Directors who are present at the subject meeting. All votes taken pursuant to this Section 4.10.1 shall be referred to as a percentage vote. Notwithstanding the foregoing, in the event of a tie in a percentage vote, the Board can break the tie and act upon an affirmative voting shares vote as described in section 4.10.2 (Voting Shares Vote).

4.10.2 Voting Shares Vote. In addition to and immediately after an affirmative percentage vote three or more Directors may request that a vote of the voting shares shall be held. In such event, the corresponding voting shares, as described in section 4.10.3, of all Directors voting in order to take an action shall exceed 50%, or such other higher voting shares percentage expressly required by this Agreement or the Operating Policies and Procedures of all Directors who are present at the subject meeting. All votes taken pursuant to this Section 4.10.2 shall be referred to as a voting shares vote. In the event that any one Director has a voting share that equals or exceeds that which is necessary to disapprove the matter being voted on by the Board, at least one other Director shall be required to vote in the negative in order to disapprove such matter. When a voting shares vote is held, action by the Board requires both an affirmative percentage vote and an affirmative voting shares vote.

4.10.3 Voting Shares Formula. When a voting shares vote is requested by three or more Directors, voting shares of the Directors shall be determined by the following formula:

(Annual Energy Use/Total Annual Energy) multiplied by 100, where (a) "Annual Energy Use" means (i) with respect to the first two years following the Effective Date, the annual electricity usage, expressed in kilowatt hours ("kWh"), within the Party's respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage, expressed in kWh, of accounts within a Party's respective jurisdiction that are served by the Authority and (b) "Total Annual Energy" means the sum of all Parties' Annual Energy Use.

4.11 Special Voting.

4.11.1 Except as provided below, matters that require Special Voting as described in this Section shall require 72 hours prior notice to any Brown Act meeting or special meeting. Two-thirds vote (or such greater vote as required by state law) of the appointed Directors shall be required to take any action on the following:

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- (a) Change the designation of Treasurer or Auditor of the Authority;
- (b) Issue bonds or other forms of debt;
- (c) Exercise the power of eminent domain, subject to prior approval by the passage of an authorizing ordinance or other legally sufficient action by the affected Party; and
- (d) Amend this Agreement or adopt or amend the bylaws of the Authority. At least 30 days advance notice shall be provided for such actions. The Authority shall also provide prompt written notice to all Parties of the action taken and enclose the adopted or modified documents.

5. INTERNAL ORGANIZATION

- 5.1 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall sign all contracts on behalf of the Authority, and shall perform such other duties as may be imposed by the Board. In the absence of the Chair, the Vice-Chair shall sign contracts and perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter. Succeeding officers shall perform the duties normal to said offices.
- 5.2 **Secretary.** The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority.
- 5.3 **Treasurer.** The Board shall appoint a qualified person to act as the Treasurer, who need not be a member of the Board. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6506 of the Act. The Treasurer shall act as the depositary of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Board may require the Treasurer to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall

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report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time.

- 5.4 **Auditor.** The Board shall appoint a qualified person to act as the Auditor, who shall not be a member of the Board. The Board may require the Auditor to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested the Authority shall pay the cost of premiums associated with the bond.
- 5.5 **Executive Director.** The Board shall appoint an Executive Director for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Executive Director may exercise all powers of the Authority, except those powers specifically reserved to the Board including but not limited to those set forth in Section 4.5 (Specific Responsibilities of the Board) of this Agreement or the Operating Policies and Procedures, or those powers which by law must be exercised by the Board. The Executive Director may enter into and execute any Energy Contract, in accordance with criteria and policies established by the Board.
- 5.6 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.7 **Other Employees/Agents.** The Board shall have the power by resolution to hire employees or appoint or retain such other agents, including officers, loan-out employees, or independent contractors, as may be necessary or desirable to carry-out the purpose of this Agreement.
- 5.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.
- 5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement. The Board may establish

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rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

5.9.1 The Board shall establish the following Advisory Committees:

- (a) **Executive Committee.** The Board shall establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the Executive Committee's such authority as the Board might otherwise exercise, except that the Board may not delegate authority regarding certain essential functions, including but not limited to, approving the fiscal year budget or hiring or firing the Executive Director, and other functions as provided in the Operating Policies and Procedures. The Board may not delegate to the Executive Committee or any other committee its authority under Section 3.2.12 to adopt and amend the Operating Policies and Procedures.
- (b) **Finance Committee.** The Board shall establish a finance committee consisting of a smaller number of Directors. The primary purpose of the Finance Committee is to review and recommend to the Board:
 - (1) A funding plan;
 - (2) A fiscal year budget;
 - (3) Financial policies and procedures to ensure equitable contributions by Parties;
 - (4) Such other responsibilities as provided in the Operating Policies and Procedures, including but not limited to policies, rules and regulations governing investment of surplus funds, and selection and designation of financial institutions for deposit of Authority funds.
- (c) **Community Advisory Committee.** The Board shall establish a community advisory committee comprised of members of the public representing key stakeholder communities. The primary purpose of the Community Advisory Committee shall be to provide a venue for ongoing citizen support and engagement in the operations of the Authority.
- (d) **Meetings of the Advisory Committees.** All meetings of the Advisory Committees shall be held in accordance with the Ralph M. Brown Act. For the purposes of convening meetings and conducting business, unless otherwise provided in the bylaws, a majority of the members of the Advisory Committee shall

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constitute a quorum for the transaction of business, except that less than a quorum or the secretary of each Advisory Committee may adjourn meetings from time-to-time. As soon as practicable, but no later than the time of posting, the Secretary of the Advisory Committee shall provide notice and the agenda to each Party, Director and Alternate Directors.

- (e) **Officers of Advisory Committees.** Unless otherwise determined by the Board, each Advisory Committee shall choose its officers, comprised of a Chairperson, a Vice-Chairperson and a Secretary.

6. IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

6.1 Preliminary Implementation of the CCA Program.

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall cause to be prepared and secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. .

6.1.3 **Termination of CCA Program.** Nothing contained in this Section 6 or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to the Operating Policies and Procedures, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

7. FINANCIAL PROVISIONS

7.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

7.2 **Depository.**

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- 7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.
- 7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6506 of the Act.
- 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Policies and Procedures. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

7.3 Budget and Recovery Costs.

- 7.3.1 **Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with the Operating Policies and Procedures.
- 7.3.2 **Funding of Initial Costs.** Subject to the approval of the Board of Supervisors, the County of Los Angeles has agreed to provide up to \$10 million for funding Initial Costs in establishing the Authority and implementing the CCA Program. In the event that the CCA Program becomes operational, the County of Los Angeles shall be reimbursed for the Initial Costs. The County and the Authority will execute an agreement specifying the terms and conditions of the Initial Costs provided by the County, including but not limited to: (a) Repayment of this amount, which shall be first priority in relation to all other indebtedness of the Authority; and (b) authorization for the County Auditor-Controller to conduct an audit of the Authority's books and records (including personnel records, as necessary) and/or investigation, following reasonable advance notice from the County, to ensure compliance with the terms and conditions of the agreement. The Authority may establish a reasonable time period over which such costs are recovered. In the event that the CCA Program does not become operational, the County shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any other Party.

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- 7.3.3 **Program Costs.** The Parties desire that, to the extent reasonably practicable, all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through charges to CCA customers receiving such electric services.
- 7.3.4 **General Costs.** Costs that are not directly or indirectly attributable to the provision of electric services under the CCA Program, as determined by the Board, shall be defined as general costs. General costs shall be shared among the Parties on such bases as the Board shall determine pursuant to the Authority documents.
- 7.4 **Contributions.** Parties are not required under this Agreement to make any financial contributions. Consumers may subscribe as customers of the Authority pursuant to the Act and outside of this Agreement and through their on-bill selections.
- 7.4.1 A Party may, in the appropriate circumstance, and when agreed-to:
- (a) Make contributions from its treasury for the purposes set forth in this Agreement;
 - (b) Make payments of public funds to defray the cost of the purposes of the Agreement and Authority;
 - (c) Make advances of public funds for such purposes, such advances to be repaid as provided by written agreement; or
 - (d) Use its personnel, equipment or property in lieu of other contributions or advances.
 - (e) No Party shall be required to adopt any tax, assessment, fee or charge under any circumstances.
- 7.5 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties.
- 7.6 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.

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8. WITHDRAWAL AND TERMINATION

8.1 Withdrawal

8.1.1 Withdrawal by Parties. Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's governing board.

8.1.2 Amendment. Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective 180 days after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority should the amendment be approved by the Board.

8.1.3 Continuing Liability; Further Assurances. A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.4 (Continuing Liability; Refund) of this Agreement, including, but not limited to, Power Purchase Agreements. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Operating Policies and Procedures shall prescribe the rights if any of a withdrawn Party to continue to participate in those Board discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party.

8.2 Involuntary Termination. This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or the Authority Documents upon an affirmative vote of the Board in which the minimum percentage vote and percentage voting shares, as described in Section 4.10 (Board Voting) of this Agreement, shall be no less than 67% excluding the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has

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allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.4 (Continuing Liability; Refund) of this Agreement. In the event that the Authority decides to not implement the CCA Program, the minimum percentage vote of 67% shall be conducted in accordance with Section 4.10 (Board Voting) of this Agreement.

8.3 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.

8.4 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party's membership in the Authority through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities arising after the date of the Party's withdrawal or involuntary termination. In addition, such Party also shall be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party.

8.5 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, and after payment of all obligations of the Authority, the Board:

8.5.1 May sell or liquidate Authority property; and

8.5.2 Shall distribute assets to Parties in proportion to the contributions made by the existing Parties.

Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

9. **MISCELLANEOUS PROVISIONS**

9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy provided by law, a Party or the Parties and the Authority

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shall engage in nonbinding mediation or arbitration in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section 9.1 (Dispute Resolution). In the event that nonbinding mediation or arbitration is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation or arbitration is made, any Party and the Authority may pursue any remedies provided by law.

- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees.
- 9.3 **Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority, the Parties and the public. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts and omissions of the Authority under this Agreement.
- 9.4 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.
- Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.
- All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by “first class” mail; or (3) the date of transmission, when sent by e-mail or facsimile.
- 9.5 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.

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- 9.6 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 9.6 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 9.6 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.7 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.8 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.9 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.10 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

CITY OF _____

By: _____
Mayor

ATTEST:

By: _____
City Clerk

Community Choice Energy in California

Sonoma Clean Power

- Santa Rosa
- Sonoma County
- Mendocino County
- Town of Windsor
- Sebastopol
- Petaluma
- Cloverdale
- Cotati
- Town of Sonoma
- Rohnert Park
- Fort Bragg

Silicon Valley Clean Energy

- Cupertino
- Los Gatos
- Mountain View
- Santa Clara County
- Los Altos Hills
- Los Altos
- Campbell
- Gilroy
- Morgan Hill
- Sunnyvale
- Monte Sereno
- Saratoga

Peninsula Clean Energy

- San Mateo County
- City of San Mateo
- Atherton
- Belmont
- Brisban
- Burlingame
- Colma
- Daly City
- Foster City
- East Palo Alto
- Hillsborough
- Menlo Park
- Half Moon Bay
- Millbrae
- Pacifica
- Portola Valley
- Redwood City
- San Bruno
- San Carlos
- Woodside
- South San Francisco

Lancaster Choice Energy

- Lancaster
- Pico Rivera
- San Jacinto

Marin Clean Energy

- Mill Valley
- Walnut Creek
- County of Marin
- Richmond
- Benicia
- San Rafael
- El Cerrito
- Town of Ross
- Larkspur
- Sausalito
- Town of San Anselmo
- County of Napa
- San Pablo
- Town of Tiburon
- Novato
- Belvedere
- Town of Corte Madera
- Town of Fairfax

Clean Power San Francisco

- San Francisco

Apple Valley Choice Energy

- Apple Valley



Consumer and Retail Choice, the Role of the Utility, and an Evolving Regulatory Framework

Staff White Paper

**CALIFORNIA PUBLIC UTILITIES COMMISSION
MAY 2017**



DISCLAIMER

This paper does not necessarily represent the views of the CPUC, its employees, or the State of California. This paper has not been approved or disapproved by the CPUC nor has the CPUC passed upon the accuracy or adequacy of the information in this paper

Introduction

California's electric sector is undergoing unprecedented change, brought about by a sequence of innovations in technology as well as many incremental policy actions taken in several different decision-making arenas. Between rooftop solar, Community Choice Aggregators (CCAs) and Direct Access providers (ESPs), as much as 25%¹ of Investor Owned Utility (IOU) retail electric load will be effectively unbundled and served by a non-IOU source or provider sometime later this year. This share is set to grow quickly over the coming decade with some estimates that over 85% of retail load served by sources other than the IOUs by the middle of the 2020s². All this is to say that California may well be on the path towards a competitive market for consumer electric services, but is moving in that direction without a coherent plan to deal with all the associated challenges that competition poses, ranging from renewable procurement rules to reliability requirements and consumer protection.

In many ways, these changes are a function of California's success implementing world leading policies like the Renewable Portfolio Standard (RPS), the California Solar Initiative (CSI), and the Energy Storage Mandate. Through these policies, California's regulatory bodies and its IOUs have integrated renewable energy into the electric grid at massive scale, both at the transmission level through independently-owned large-scale projects and the distribution level through rooftop solar. This experience has empowered customers to choose new energy options and enabled new market entrants like Community Choice Aggregators (CCAs) to serve customers with innovative solutions. Though these changes have been largely positive so far, the consequence of fast-scaling competition is that the California Public Utilities Commission (CPUC) and California Energy Commission (CEC) must now look at long held assumptions in their regulatory frameworks and examine the role of the electric utility at the center of this system, tasked with the primary responsibility for providing power and other services to all consumers within a geographic service area.

California's Changing Electricity Landscape

California has set itself on the path to reducing statewide greenhouse gas emissions by 40% below 1990 levels³ by 2030, using tools such as a 50% renewable portfolio standard, doubling of existing energy efficiency savings for both electricity and natural gas usage⁴ and putting well over 1.5 million zero emission vehicles on the road⁵. Achieving these goals will require enormous investments in the electricity sector, from widespread deployment of electric charging infrastructure to thousands of

¹ Estimate of Direct Access, CCA and NEM retail sales offsets are 23% to 24% of Utility 2015 Retail Sales. For Direct Access, in 2016 ESPs served 12.9% of IOU Load (Direct Access Implementation Activity Reports). For CCAs, estimated retail sales are 7.4 GWh per CPUC Presentation at Feb 1, 2017 CCA En Banc. For NEM, 4,555 MWs of rooftop PV, per California Solar Statistics, April 19, 2017, with expected capacity factor of 15%-16% based on NREL PV Watts calculation of fixed tilt rooftop systems in San Jose, Los Angeles and San Diego. Other sources of NEM not counted for purposes of this estimate as rooftop PV accounts for more than 90% of NEM capacity per CPUC Net Energy Metering information page.

² Estimate of 85% load departure based on 15 to 20 million consumers being served by CCA, Direct Access or Customer sited generation like rooftop solar

³ SB 32 (2016) requires California Air Resources Board ensures that statewide greenhouse gas emissions are reduced 40% below the 1990 level by 2030

⁴ SB 350 (2015) requires the amount of electricity generated and sold to retail customers per year from eligible renewable energy resources be increased to 50% by December 31, 2030. Requires the State Energy Resources Conservation and Development Commission (Energy Commission) to establish annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by January 1, 2030.

⁵ Executive Order B-16-12: Goal for CA to Deploy 1.5 million Zero-Emission Vehicles by 2025

megawatts of renewable energy, hundreds of miles of transmission lines and a much more robust distribution system.

Much of the policy framework underpinning the goals has presumed the electric utility serves as the central agent for making these investments, raising low cost capital in financial markets, and then recovering costs through sales of electricity. Yet, at the same time that California is grappling with how to plot a path forward to build this infrastructure in the most efficient, reliable and equitable way, the status quo retail electric service model is being up-ended.

Leading up to the new millennium, California de-regulated the electric industry and created a flawed retail market structure and rate design for consumer choice. Essentially, private electric utilities only provided wire and transmission services, and customers were expected over time to buy their electricity from third party companies. After a catastrophic collapse of the new markets, California made the conscious decision to return to the three IOUs as the dominant and monopoly providers of retail electric service for most California consumers, while continuing to restrict their ownership of sources of electric generation. As part of California's return to a regulated retail electric market, customers who had direct access at the time of the suspension were allowed to maintain service with their ESPs. A 2009 law (Senate Bill 695) led to a relatively small number of additional non-residential electric consumers being given the option to obtain their electric needs by ESPs. None of this had directly affected ongoing service by municipal and publicly owned utilities (POUs) who serve all customers in their service area with both electric and local transmission services. As a result, the three IOUs and 34 POUs have been the dominant parties on whom policy makers have relied as enablers of a number of key public policy initiatives, ranging from the procurement of renewable energy to providing low-income Californians with subsidized electricity.

Among the many new trends reshaping the California electricity landscape is the continued growth of net energy metering, largely driven by technology innovation and cost reduction in solar PV manufacturing and financing. Since 2007, over 4,500 MWs and 550,000 customers have 'gone solar'⁶. Programs like the Self Generation Incentive Program (SGIP) have furthered market transformation for additional technologies like fuel cells, thermal storage and lithium ion battery storage, allowing customers to produce their own power and /or to reduce their peak energy consumption. On top of these trends, energy efficiency programs and changes in California's economy have sharply reduced the growth rate in the use of electricity here.

One more recent trend is the growth of the CCA. Marin Clean Energy formed California's first CCA in 2010 and now serves 255,000 customers in Marin County, Napa County and the Cities of Richmond, Benicia, El Cerrito, San Pablo, Walnut Creek, and Lafayette.⁷ Other active CCAs include Sonoma Clean Power, Lancaster Choice Energy, Clean Power San Francisco and Peninsula Clean Energy who serve a cumulative 660,000 customers⁸. Between all these communities, 915,000 customers currently take retail

⁶ <https://www.californiasolarstatistics.ca.gov/> as of April 19, 2017

⁷ CPUC Staff Presentation at Feb 1, 2017 CCA En Banc-- <http://www.cpuc.ca.gov/general.aspx?id=2567>

⁸ CPUC Staff Presentation at Feb 1, 2017 CCA En Banc-- <http://www.cpuc.ca.gov/general.aspx?id=2567>

service from a CCA⁹. This number is set to grow significantly in the coming years as cities and counties with populations in excess of 15,000,000 people consider launching CCAs¹⁰.

This new set of developments fundamentally challenges the incumbent regulated utility business model, which depends on: a) borrowing large amounts of money to meet customer needs based on the expectation that IOUs are able to recover their investment through retail rates; b) maintaining highly reliable service at all times and for all customers; c) providing help to low income customers to ensure that everyone has access to basic electricity service; and d) providing quality customer service among other more traditional services. Additionally, utility financing is increasingly being used to pay for new mandates that will help reduce California's greenhouse gas emissions, not just in the electric industry, but also in natural gas, transportation and natural land sectors, as well.

Much of the revenue to repay that borrowing by IOUs for the energy infrastructure Californians need to safeguard our future comes from a rate structure that depends on the volumetric (\$/kWh) sales of electricity. When customers pay for electricity, they are paying for a vast network of connected infrastructure and services, from generation (from utility scale to rooftop) to energy efficiency programs to poles, power lines, substations and the many components of the grid beyond electric power generators that delivers it to California homes, businesses and industries. As sales by the regulated IOUs shifts to customers who provide for some of their own needs but still rely on the grid for various services, or to third party providers (like CCAs) of retail service, some portion of the many costs other than electricity itself may shift to the ratepayers who remain fully bundled customers of the IOUs.

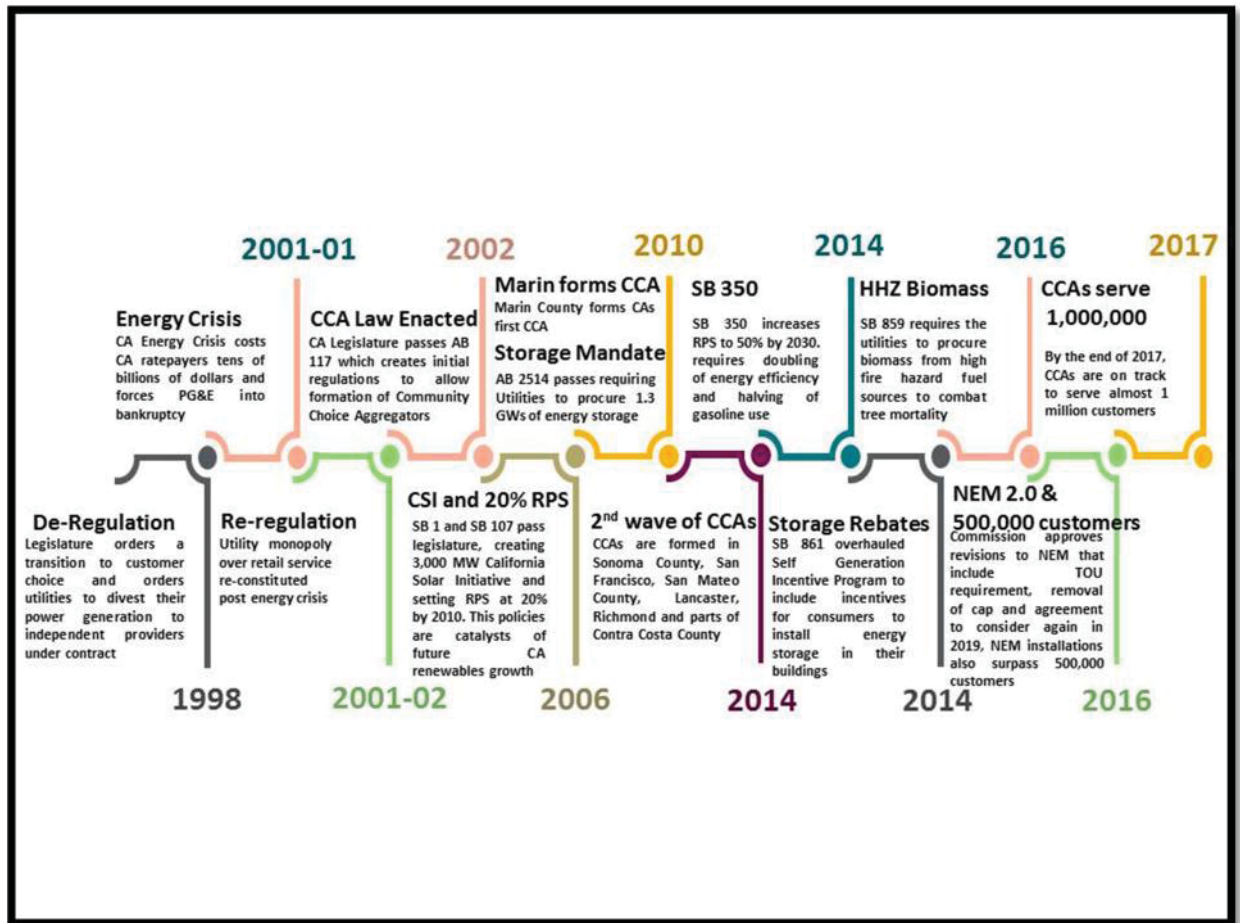
But there is more at risk here than fairly apportioning costs or the utility business model: California's utility policy makers must address how these changes will affect our continued progress on our efforts to avoid and mitigate the impacts of climate change (and to do so in ways that sustain California's strong economy). This emergent issue may be at the heart of the most important policy discussion regarding the electric industry in the last century.

This whitepaper and the upcoming 'Customer and Retail Choice En Banc' aim to frame a discussion on the trends that are driving change within California's electricity sector and overall clean-energy economy. The overarching goal being to lay out elements of a path forward to ensure that California achieves its reliability, affordability, equity and carbon reduction imperatives while recognizing important role that technology and customer preferences will play in shaping this future.

⁹ CPUC Staff Presentation at Feb 1, 2017 CCA En Banc-- <http://www.cpuc.ca.gov/general.aspx?id=2567>

¹⁰ Los Angeles County, Alameda County, Santa Clara County, City of San Diego, and City of San Francisco are all actively in the process of forming, expanding or considering the formation of CCAs. A number of smaller communities are also pursuing CCA formation, including Hermosa Beach, Monterey, Salinas and Lake County. Cumulative population of these Cities and Counties exceeds 15,000,000 people according to census.gov.

Figure 1 - How did we get here?



The following section lays out a timeline of the major events that have occurred since the mid-1990's that have played a major role in the evolution of the retail electric market and describes the major regulatory efforts that are implicated by these changes.

Part 2 . Key framework policies affected by these trends:

Resource Planning

The annual process for planning for energy needs, including natural gas, petroleum, electric generation and energy efficiency, starts with the CEC's Integrated Energy Planning Report (IEPR), which establishes a ten year needs projection. The CPUC includes this in an annual Long Term Procurement Process (LTPP), setting a long range set of resource goals – taking into account legislative and policy direction such as the Renewable Portfolio Standard or AB 2514's storage requirements – for each load setting entity under the agency's purview. The CPUC also sets annual requirements for resource adequacy. The CAISO also uses the IEPR's forecast for its transmission planning process.

SB 350 established new clean energy, clean air and greenhouse gas reduction goals for 2030 and beyond. SB 350 requires the CPUC to (1) identify a preferred portfolio of resources that meets multiple objectives including minimizing costs, maintaining reliability, and reducing greenhouse gas (GHG) emissions (Section 454.51), and (2) oversee an integrated resource planning process involving a wide range of load serving entities, including the IOUs, CCAs and ESPs. SB 350 requires these LSEs to submit proposals for incremental procurement to satisfy their renewable integration needs. The CPUC is currently undertaking a proceeding to develop the rules that will govern the IRP process, including the level of oversight that the Commission will exert over resource portfolios. The CEC and CPUC are working hand in hand in this process, holding joint hearings and sharing modeling and analysis as needed, in order to develop a consistent framework that will also apply to publicly-owned utilities.

CPUC oversight of IOU procurement, through the legacy LTPP proceedings, has historically been extremely rigorous, with CPUC approval required for both resource need and individual contracts for resources that anticipate recovery of contract costs from customers. The challenge facing the CPUC in the implementation of the IRP proceeding is that as non-IOU LSEs serve an ever-greater percentage of load, the CPUC's top-down approach to regulation will be challenged by the need to interact with many more procuring entities. Further complicating the issue is the fact that there are outstanding questions regarding what role the CPUC has in the CCA IRP process.¹¹ Depending on the resolution of these questions, issues of consistency and coordination between CPUC requirements and CCA independent authority could diminish the long-term effectiveness of the IRP process and could limit the state's ability to meet its GHG emission reduction goals.

These complications are also implicit in the limited CEC oversight of the POUs, who have generally developed procurement plans for their local service areas, but which has somewhat reduced the most optimal procurement and coordination of resources and utilization across the state.

Ensuring Reliability

The CPUC's Resource Adequacy (RA) program covers all CPUC-jurisdictional LSEs including IOUs, CCAs and ESPs. All LSEs submit load forecasts and the CPUC determines each LSE's RA obligations as

¹¹ See "Comments on Implementing GHG Planning Targets Staff White Paper" at www.cpuc.ca.gov/General.aspx?id=6442451195.

proportionate to their peak load share. The LSEs then submit annual and monthly filings to the CPUC to demonstrate compliance with their RA obligations.

When there is a need for procurement in order to meet a reliability need or a state priority goal (e.g., in response to the outage of San Onofre Nuclear Generating Station and the procurement of preferred resources to meet the need) the CPUC has ordered the IOUs to procure capacity and allocates the associated costs to all LSEs through the “Cost Allocation Mechanism” (CAM). The capacity benefits for these priority resources are also allocated to the LSEs as a reduction in their RA requirement. If significant numbers of bundled customers move to non-Utility LSEs, entities like CCAs and ESPs would make up the majority of the RA procurement requirement. This creates a number of new risk factors. These entities, without the traditional tethers to state regulatory bodies and statewide policy goals, might be less willing to utilize the RA program to advance dual reliability and public policy goals, particularly in emergency situations. This could create inequities across the body of consumers who benefit from and need to support the state’s economic and environmental goals, and could disrupt RA assumptions that must be commonly shared by all consumers of electricity from the grid. These issues of central planning and goal setting become even more critical as the grid becomes more variable due to the dynamic changes in generation from renewables, the need to focus on localized reliability instead of system reliability needs, and accommodating the increase in behind the meter distributed energy resources.

The CEC demand forecast is a foundational element of electricity system planning and procurement in California. The adopted demand forecast incorporates analysis of fundamental demand trends, impacts of distributed resources, and energy efficiency. To support distributed and renewable resource integration, the demand forecast is increasingly disaggregated, both geographically and temporally; future forecasts will be produced at an hourly level. The CEC forecast is a key input into the CPUC LTTP and resource adequacy proceedings, and the CAISO’s TPP and local and flexibility capacity needs analysis.

To support CEC demand forecasting, all LSEs in California, including CCAs and ESPs, are currently subject to data and forecast reporting requirements that vary in complexity by the size and type of the LSE. As nontraditional service providers expand and evolve, the data they provide to the CEC will also need to evolve to support demand forecasting that reflects the multiple trends affecting the timing and location of energy demand.

The California Independent System Operator (ISO) ensures reliable operation of the high voltage transmission system and infrastructure planning. Every year, the ISO conducts a transmission planning process that provides a comprehensive evaluation of the grid under the ISO’s control. The Transmission Planning Process (TPP) identifies upgrades needed to maintain reliability, successfully meet California’s policy goals, and projects that can bring economic benefits to consumers. The ISO’s TPP uses the same single forecast set as LTTP and the CEC’s IEPR. Efforts are underway to continue the agency process alignment under the CPUC’s IRP.

Ensuring All Customers Pay Their Fair Share

One of the most contentious issues that comes before the CPUC has to do with allocating costs between customers. For CCAs and ESPs, the CPUC relies on the Power Charge Indifference Adjustment (PCIA) to recover above market energy costs from customers who depart bundled service for ESPs or CCAs.

For CCA and ESP customers, the PCIA rate is set annually through the IOUs Energy Resource Recovery Account (ERRA) forecast proceedings. As the IOUs have procured increasing quantities of renewable energy, an increasing share of costs recovered through the PCIA are made up of the cost of the initial round of wind and solar projects procured through the RPS. These early, high-cost projects are often pointed to as one of the critical drivers globally of the major cost reductions that now benefit CCAs. Both the IOUs and the departing load parties have agreed that the current PCIA methodology is flawed. However stakeholders disagree on what changes are needed to ensure customer indifference and fairness.

For Self-Generation customers, IOUs rely on rates, including non-bypassable charges (NBCs), to recover broad infrastructure costs, as well as specific types of costs like low-income programs, and funding future de-commissioning of nuclear power stations. Each IOU calculates its own NBCs and applies them to all customer bills. When a customer self-generates, the IOU applies NBCs onto both electricity the customer buys from the grid and the electricity they produce and consume on-site. NEM customers have historically been exempt from paying NBCs on their solar generation, but with approval of NEM 2.0, a subset of NBCs are now going to be applied to NEM generation. Figure 2 below illustrates three examples of how NBCs are applied to PG&E's residential customers bills.

Figure 2 – PG&E Residential NBCs

	Residential NBCs	NEM 2.0 NBCs	NEM 1.0 NBCs
PPP	1.405	1.405	0
Nuclear Decommissioning	0.022	0.022	0
Competition Transition Charge	0.338	0.338	0
DWR Bond	0.539	0.539	0
Transmission	1.649	0	0
New System Generation Charge	0.255	0	0
Storage Mandate	0.045	0.045	0
TOTAL	\$0.04253/kWh	\$0.02349/kWh	\$0.00/kWh

Setting the NBCs for NEM customers was a central point of conflict throughout the NEM 2.0 proceeding and remains contentious, with both the IOUs and consumer advocates arguing that NEM customers still do not pay their fair share transmission infrastructure they rely on. Whereas, solar advocates argue that the value of NEM systems to the grid exceeds the cost of NBCs.

For the broader set of infrastructure investments, IOUs recover their transmission and distribution (T&D) related costs from ratepayers predominantly through volumetric (\$/kWh) rates. For larger customers, a portion of these infrastructure costs are recovered through demand based rates (\$/kW). Under NEM, customers (particularly residential customers) are able to largely avoid paying any volumetric contribution to infrastructure costs – with the passage of AB 327 (2014), the CPUC can consider allowing a utility to collect a \$10/month fixed charge for non-CARE customers. In the larger customer segments, energy storage systems – often subsidized by the Self Generation Incentive Program - are starting to be installed that allow customers to minimize paying demand based charges. The issue that both IOUs and consumer advocates raise is that NEM – and potentially energy storage – customers are not paying their fair share of T&D infrastructure costs. In contrast, solar advocates argue that the grid benefits of rooftop solar exceed the solar customer’s share of infrastructure costs, and as a result all customers are better off. In an effort to find middle ground between these two positions, the CPUC mandated that all NEM 2.0 systems take service under Time of Use (TOU) rates that more closely align what a customer pays for T&D infrastructure with the costs IOUs actually incur to serve them.

Allocating both generation and infrastructure costs between bundled customers and un-bundled customers is going to become more complicated as both business models and technology provide different forms of unbundling that each require different cost allocation solutions. The CPUC’s task is to seek to continue to adjust rates and tariffs like the PCIA and NEM in ways to both allow customers to continue to make the choices they want while ensuring that all other customers are not left with an unfair allocation of costs.

Ensuring Universal Access

Currently, POUs and IOUs are the provider of last resort in their respective service territories. With changes coming to California’s retail energy market, the CPUC must consider the implications of the changes for customers and evaluate whether a new ‘provider of last resort’ (POLR) requirement should be put in place. In retail choice states, POLR service (also known as Default, Basic Generation, or Standard Offer Service) is typically made available to customers who do not exercise their right to shop for energy. In all states besides Texas, the retail distribution utility holds the POLR responsibility. Even so, an overarching principle in virtually every jurisdiction with retail choice is that POLR’s structure should not undermine the competitive retail energy market and should afford to customers the opportunity to provide quality, reliable, and transparent electric commodity service while also having access to non-discriminatory electric delivery service through the local utility.

One question which may need to be addressed is: which service – competitive retail or POLR service – becomes the default. This arises in consideration of whether non-Utility LSE service is an “opt in” or an “opt out” choice. Only Texas has adopted a retail-choice model in which all customers must still affirmatively decide which retail commodity supply is the one to provide them with electricity service.

Another issue arises from IOUs’ historical obligation as the sole default providers of bundled retail service, for which they were required to make long-term investments in generation resources and long-term financial commitments through purchased power contracts. This has created (and if unaddressed

may continue to create further) a cost legacy that must be addressed during a transition to retail choice. Most of the states that adopted retail choice have addressed legacy costs through the imposition of non-bypassable exit fees and/or continuing wires charges. The sizes of the fee have been controversial. Fees set too high undermine retail choice, while fees set too low enable departing customers to shift costs to those who remain on bundled service.

A third issue pertains to rules governing when and under what circumstances CCA or ESP customers are allowed to return to a utility's bundled retail service (assuming the utility continues to provide such service). If unchecked, one possible outcome may be customers taking CCA or ESP service when it is relatively less costly and to return to the utility when it is not. There should be clear rules about the conditions applicable to customer returns to utility service: when are customers allowed to return, how long they must they remain on utility service, what price must they pay for energy, and so on. As CCAs continue to grow quickly, the CPUC must consider how its current rules fit within a much bigger competitive landscape.

Rate Design

With the passage of AB 327 (2014) and CPUC Decision (D) 15-07-001, time-of-use rate structures are scheduled to become the default for all customers in 2019. The major goals of this requirement are to better align customer bills with the actual cost to serve and to provide customers with greater incentives to use electricity during off-peak periods when the grid is less strained and with lower costs to serve. AB 327 allowed the CPUC to require each of the IOUs to develop default time-of-use rates for residential customers, but did not authorize the CPUC to set such a requirement CCAs or ESPs. As a result, it is conceivable that the utility rates for bundled service will reflect time-of-use rates for all components of electric service, and that in cases where the utility only provides T&D service, this T&D component will be based on a time-of-use structure, while the generation component of the rate served by the CCA or ESP may not.

Non-participation in default time-of-use carries two major risks. The first one has to do with consumer protection. Currently, the vast majority of residential customers in each of the IOU service territories have the same basic rate design, incorporating both the design of delivery rates and the supply of electric commodity service. By contrast, customers taking service from CCAs and ESPs have rates that reflect the retail distribution rate design approved by the CPUC as well as the generation-service provider's non-CPUC regulated generation rates. This means that residential consumers in Pacific Gas and Electric's (PG&E) territory could go from effectively having the same rate everywhere – from Chico to San Francisco to Fresno - to having dozens of different rates based solely on where a customer lives. This is not *per se* a bad thing; the risk comes when the rates among CCAs or ESPs are more or less expensive based on factors like the consumer's income or where the consumer lives. Where variation arises due to customers' options for utility service, this seems like a benefit of competition; but where variation in pricing and rates for commodity service arises from customer profiling by location, it gives rise to concerns about discrimination and other problems relating to assurance of access to basic electricity services.

The second risk is that some CCAs will choose not to default their residential customers to time-of-use or that consumer confusion around applicability of time-of-use and hard-to-understand differences in time-of-use rates across communities that are served by both an IOU and a CCA will undermine the effectiveness of time-of-use pricing. Though the actual impact of time-of-use is as yet unmeasured, the hope is that the time-of-use transition will play an important role in supporting important grid integration and renewables growth policies.

Consumer Protection

In 1997, California Senate Bill 477 adopted consumer protections that, among other things, required that all ESPs offering electrical services to residential or small commercial customers provide proof of financial viability and of technical and operational ability as a precondition to registration. SB 477 also required the CPUC to develop uniform standards for assessing ESPs financial viability and technical and operational ability. In Decision (D.) 98-03-072, D.99-05-034, and D.03-12-015, the CPUC implemented these standards through its framework for ESP registration, with particular attention to concerns about residential and small commercial customers with peak demands under 20 kW. Subsequent CPUC decisions modified various provisions governing DA enrollment, customer switching, involuntary returns to bundled service, and ESP financial security requirements.

Similar safeguards have never been fully developed to govern new forms of customer choice, whether it be CCAs, rooftop solar installers or community solar marketers. That said, the market for these products is different than the services marketed by ESPs and so differing regulations may be appropriate. The CPUC currently is examining consumer protection issues as part of its on-going oversight of NEM. As retail electric choices expand, the CPUC will need to adapt its capabilities to protect consumers from predatory marketing, misinformation and fraudulent behavior. In California, competition in telecom and natural gas have demonstrated that the CPUC must have robust consumer protection programs, otherwise residential customers face risks.

PART 3 -- Expectations for the En Banc:

Given the strong evidence of profound changes and disruptions within the electric industry and its ratemaking/regulatory foundations, we seek comment and thoughts from a wide range of key constituencies on the following major questions:

1. As an increasing number of customers can obtain electric generation service from a variety of sources (including IOUs, ESPs, CCAs, and on-site technologies), how does California ensure that all customers get the benefit of having multiple institutions play an important role in helping finance the infrastructure needed to meet the State of California's GHG strategies, including electrification of transportation and fuel switching in the natural gas industry, while also ensuring that all customers have access to at least basic electric service?
2. What are the roles of the incumbent electric distribution utilities in the future, and what are the means for them to finance their core functions (e.g., distribution service, transmission service, POLR retail service) where some of these services are provided to all electricity customers and some are provided to only some customers (and in some cases may be provided because no other supplier is willing and/or able to provide them)?
3. Who will be the provider of last resort for customers who don't seek to make key decisions for themselves, but prefer a simple and reliable bundled service? What agencies are best designed to provide customer protection in this new electric industry structure? What policies and/or authorities are necessary for utility regulators (or others) to assure that all customers - regardless of their supplier of generation and/or delivery service) have access to reliable and efficient electricity supply that also supports California's economic and environmental goals?
4. How does the State of California ensure that the many different players work together to ensure that the State's electric supply is not only clean but is also reliable, efficient and resilient? For example in light of the changes underway in the State's electric system, how should the State provide such products and services as ramping power, voltage support, frequency control and managing over-generation? How should the State's electric system become more resilient (e.g., capable of fending off attacks from physical and cyber threats, as well as speedy recovery from disasters)? How will California's consumers pay for the many mandated public goods programs, ranging from energy research to providing energy efficiency upgrades and rate discounts for low income customers, which the California legislature has determined are core elements of the State's electric system?
5. How will the State of California provide protection for consumers against predatory actions by providers of electric service or energy technologies in these new policy settings?

The CPUC and CEC, as sponsors of the En Banc, will prepare and publish a report from the hearing, summarizing the range of comments on these key questions, and summarizing the insights gleaned from comments.

The CPUC intends to open a Rulemaking to examine, and coordinate among other open proceedings, an examination of the future role(s), structure(s), fiscal and other functions of the three large California electric IOUs. This, in turn, requires a discussion of the scope and scale of the current framework for

regulation of competition – including customer centered technologies - and the structure of the retail electric market, and the transition from IOUs’ responsibilities today and their responsibilities in the future. As part of this process, the CPUC will likely examine a variety of different retail market and customer choice constructs to assess what best practices and lessons learned can be applied in California given our unique set of public policy goals.

As part of this process, the CPUC will work closely with the CEC to coordinate efforts with the Integrated Energy Planning Report (IEPR) and the Energy Program Investment Charge (EPIC) program. Because of the interplay between the CPUC and the CEC on funding research (drawn from the IOUs based on their share of electric sales), and because of the CEC’s role in setting overall electric need and overall procurement goals to meet that need, both agencies are both concerned about finding good and durable answers to these questions.

This effort necessarily implicates the ISO, as changes to retail market structures and the evolution of regulation will affect the transmission system and the wholesale power market. Furthermore, the same providers and technologies that are disrupting the retail electric market and the distribution system are also finding ways to participate within the bulk power system -- whether it be toward transacting in the wholesale market or offering alternative solutions to traditional transmission projects. To this end, this Rulemaking will seek to identify opportunities to harmonize market rules between retail and wholesale market and planning efforts between distribution and transmission infrastructure.

Finally (and as a fundamental framing consideration), it is critical to recognize that whatever the specific outcomes of this proceeding, it is very difficult to conceive of a scenario where the CPUC and CEC will not find that significant changes to the regulatory model and the utility structure are required. Drivers of change to the California electric system are accelerating whether we want them to or not. Technology will continue to advance and as a result consumers will have more options to meet their energy needs. Customers will seek to use these new developments to further their own needs and interests. California leaders and citizens intend to continue moving forward to decarbonize our economy, and the will to forge ahead grows stronger every day.

Los Angeles Community Choice Energy (LACCE)

GARY GERO, CHIEF SUSTAINABILITY OFFICER

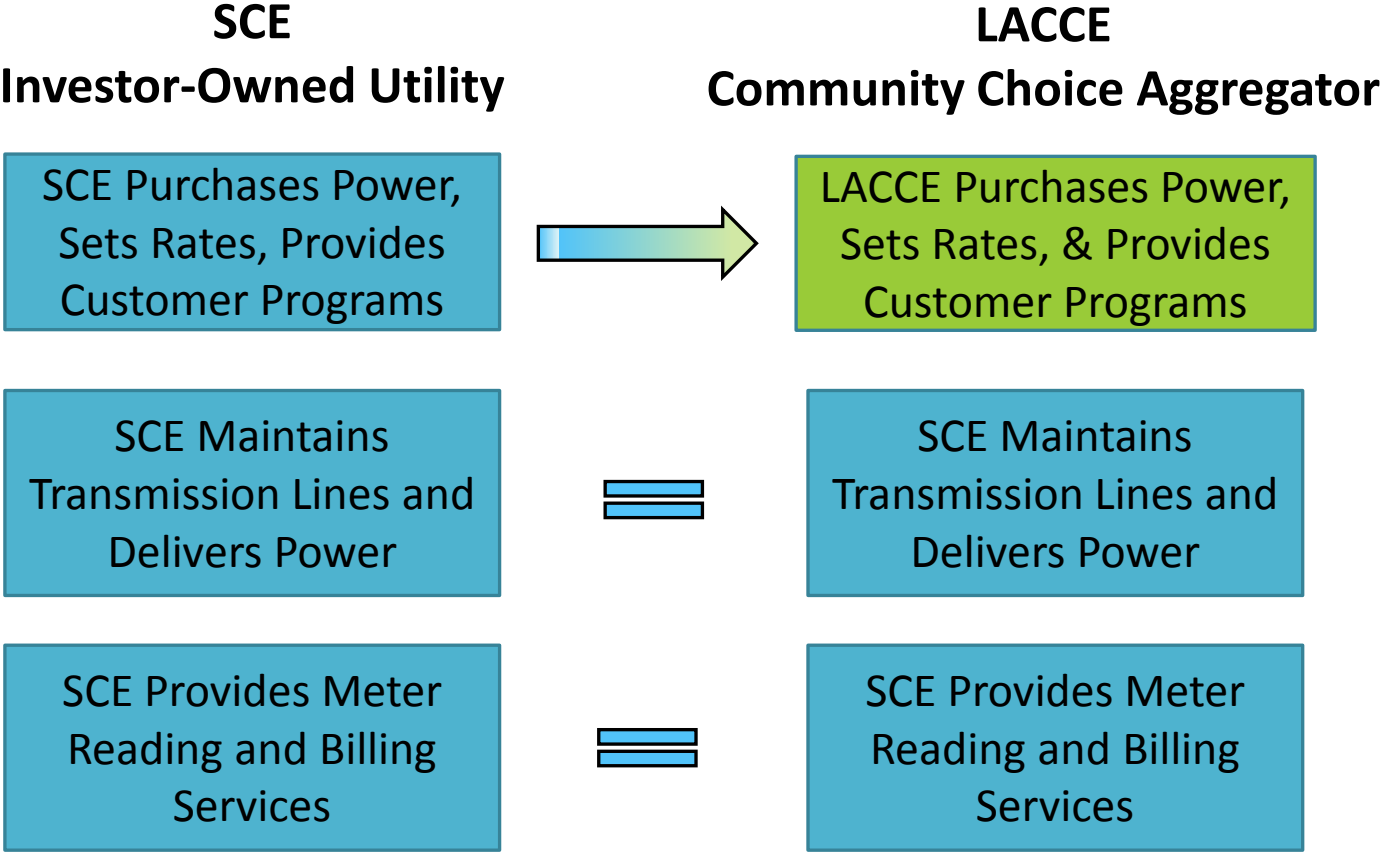
Los Angeles Community Choice Energy

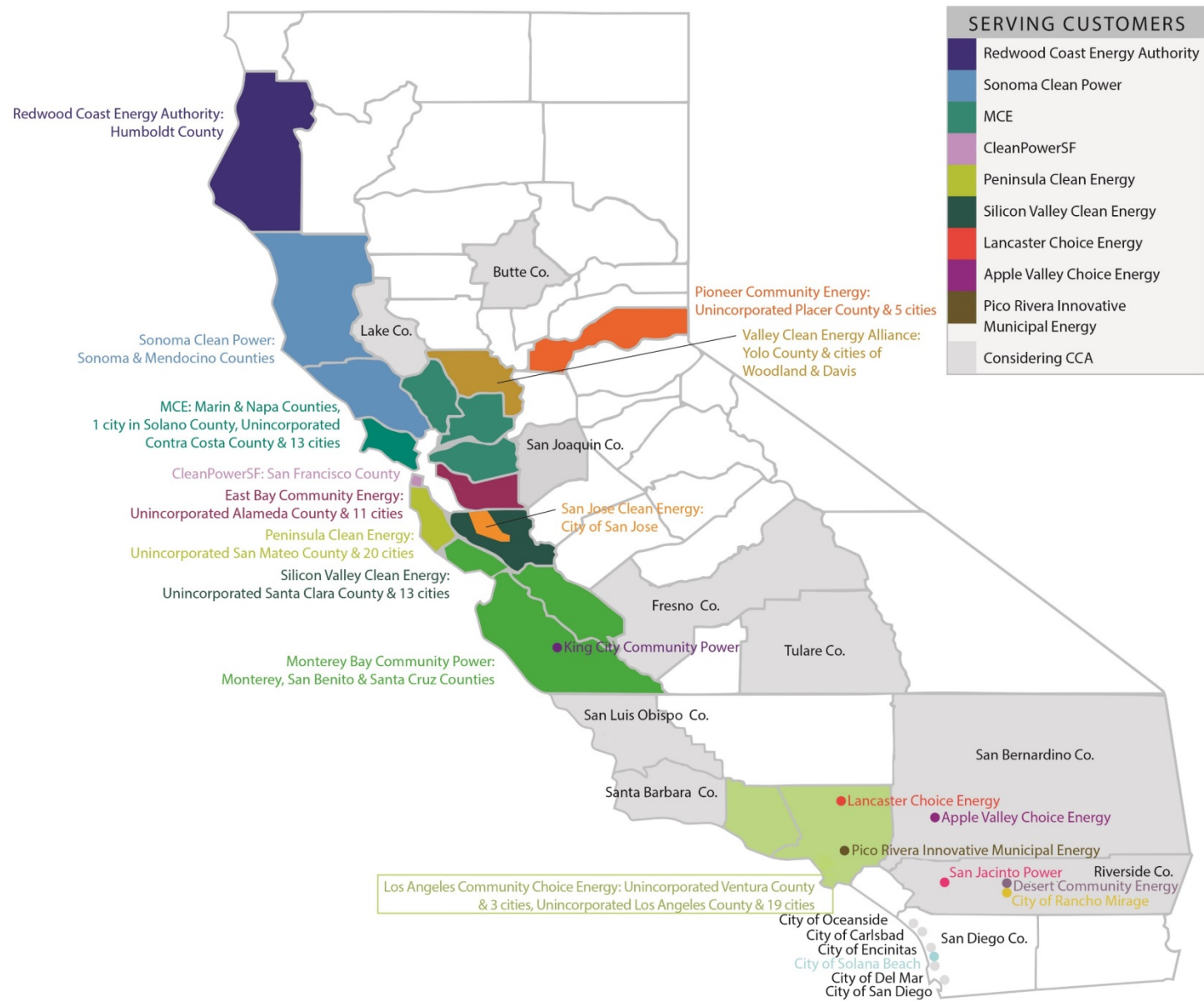
Overview

1. What is a CCA?
2. CCA Benefits
3. LACCE JPA Formation Process
4. JPA – Governance
5. Community Advisory Committee
6. Schedule and Next Steps

Los Angeles Community Choice Energy

Community Choice Aggregation (CCA): A Hybrid Approach to Utility Operations





Los Angeles Community Choice Energy

Member Agencies of the LACCE JPA

as of January 19, 2018

Agoura Hills	Manhattan Beach
Alhambra	Moorpark
Arcadia	Ojai
Beverly Hills	Paramount
Calabasas	Rolling Hills Estates
Carson	Santa Monica
Claremont	Sierra Madre
Culver City	South Pasadena
Downey	Temple City
Hawaiian Gardens	Thousand Oaks
Hawthorne	West Hollywood
Los Angeles County (unincorporated)	Whittier
Malibu	Ventura County (unincorporated)

Los Angeles Community Choice Energy

CCA Benefits: Customer Choice and Local Control

■ Customer Choice

- CCAs offer customers new options (CCA rate offerings), without removing old options (SCE)
- Having both CCA and SCE products gives customers choice
- Customers may opt out of the CCA at any time and return to SCE

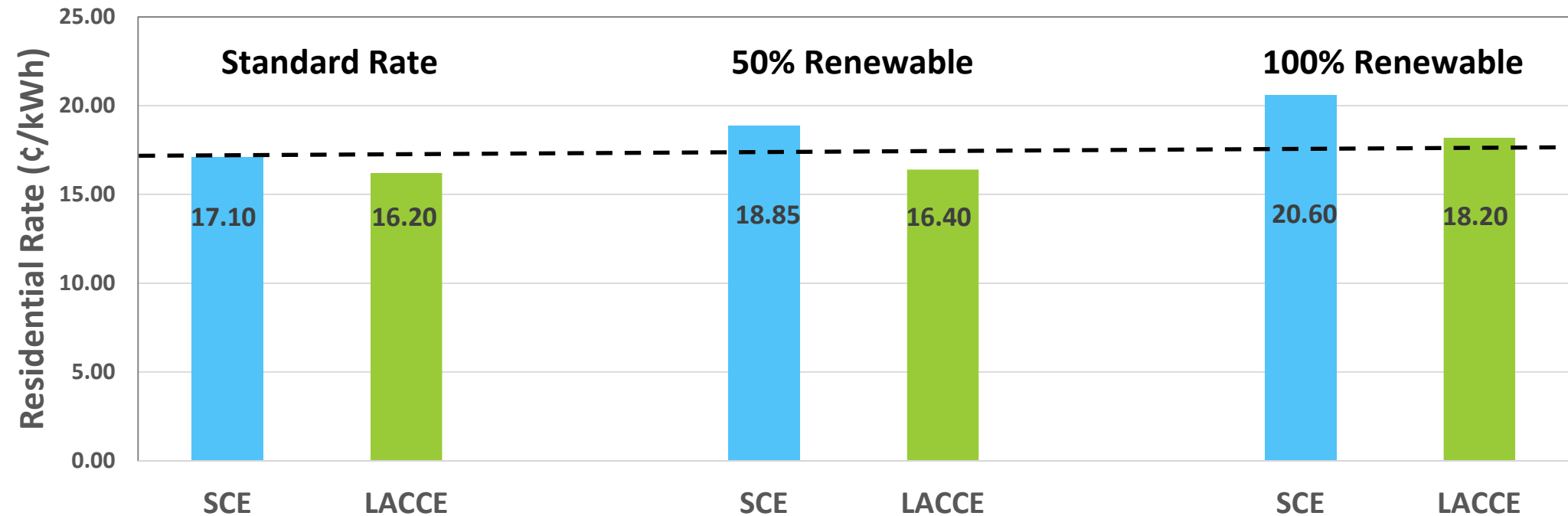
■ Local Control

- CCAs enable communities to invest locally; instead of sending money to SCE, CCA revenues can be reinvested in the local community
- CCAs have total local control over their power supply, rates, and customer programs (e.g., energy efficiency, solar incentives, EV incentives, etc.)
- Each member city determines its own default renewable energy level and has opportunity to tailor local programs to meet local priorities.

Los Angeles Community Choice Energy

L.2.b

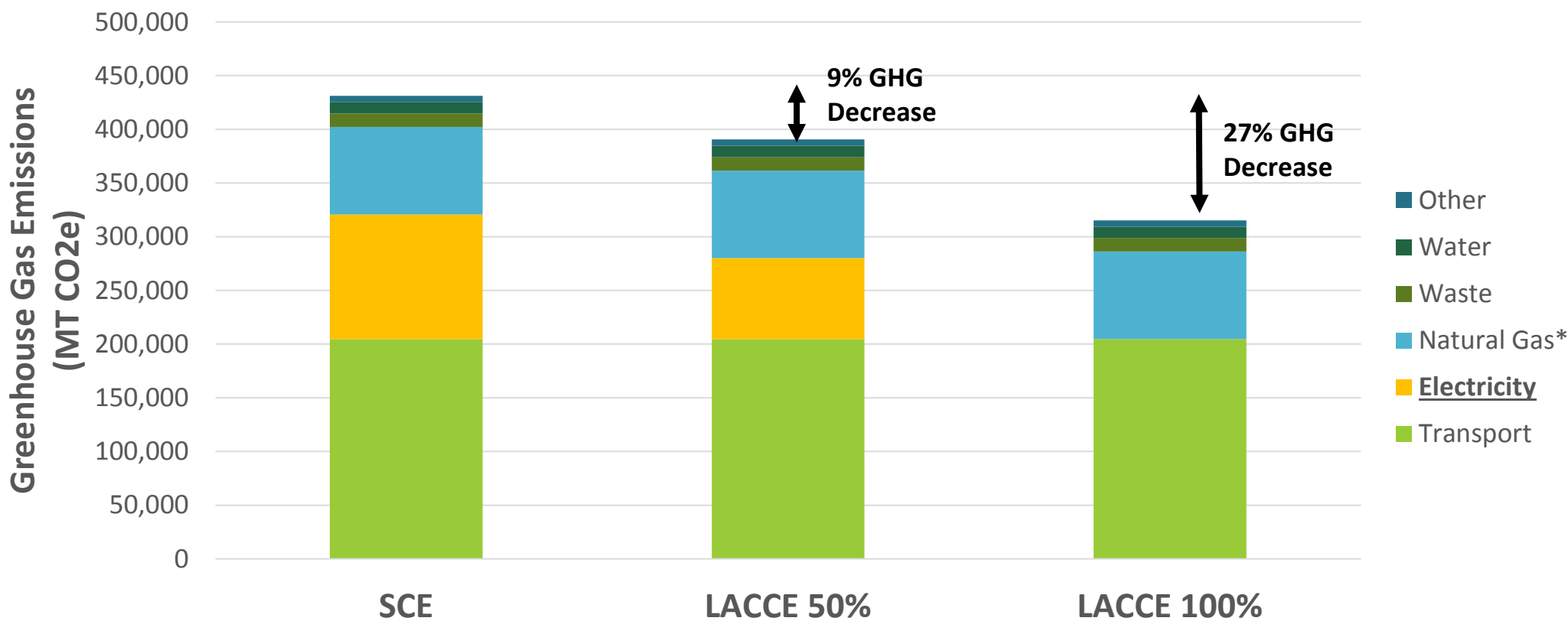
LACCE Benefits: Rate Savings



- Rates are taken from the LACCE Business Plan
- LACCE rates include considerable financial reserve

LACCE Benefits: GHG Emissions

Example: Average City in Los Angeles



*The natural gas category refers to use for heating and cooking in buildings, not for use in electricity generation.

LA County Board of Supervisors

CCA JPA Formation Process

- **LA County Board of Supervisors approved a motion in March 2015 asking staff to conduct a CCA feasibility study for LA County**
- **Report completed in June 2016**
- **On April 18, 2017 the Board of Supervisors approved a joint motion from Supervisors Shelia Kuehl and Mark Ridley-Thomas to approve:**
 - LACCE Joint Powers Agreement
 - CCA enabling ordinance
 - \$10 Million in startup funding
 - Plan for program implementation

Los Angeles Community Choice Energy

Joint Powers Agreement

■ LACCE Governance

- Every member government gets an equal seat on the Board
- Primary Directors must be an elected official of the member city or county
- Most votes are by a majority of members present
- Some special items require 2/3s of all members
- Option to call for a weighted vote based on load share, with the following restrictions:
 - 3 members must agree to have a weighted vote
 - Weighted votes can only follow an affirmative vote of the Board

Los Angeles Community Choice Energy

Authorizing language for a Community Advisory Committee

- **Section 5.9.1(c) of the LACCE JPA:**

- “The Board shall establish a Community Advisory Committee comprised of members of the public representing key stakeholder communities. The primary purpose of the Community Advisory Committee shall be to provide a venue for ongoing citizen support and engagement in the operations of the Authority.”

Los Angeles Community Choice Energy

Community Advisory Committee – Stated Purpose

- **The purpose of the LACCE Community Advisory Committee is to:**
 - Act as a liaison to the community and represent ratepayer concerns
 - Provide feedback on LACCE policies, operational objectives, and programs
 - To the extent possible, provide expert knowledge of relevant subject matter to support Board and staff
 - Assist with outreach to the community
 - Assist with legislative advocacy in conjunction with staff and Board
 - Provide a forum for community discussions on a wide variety of strategies to reduce carbon emissions and maximize LACCE programs

Los Angeles Community Choice Energy

Community Advisory Committee – Criteria

- **Proposed Criteria**
 - Strong preference will be given to applicants who live or work in LACCE territory
 - The Committee should have at least one member explicitly representing disadvantaged communities.
 - Members with expertise in any of the following areas will be highly desirable:
 - Community leadership
 - Environmental justice
 - Ratepayer advocacy
 - Labor relations
 - Neighborhood/Community relations
 - Youth/Student liaison
 - Distributed Energy Resources (DER)
 - Energy Efficiency
 - Renewable Energy
 - California Grid Operation (CAISO)
 - Power sales and markets
 - Utility finance
 - Communications
 - Economic Development
 - Legislative Advocacy

Los Angeles Community Choice Energy

Community Advisory Committee – Function

- **The Committee will have responsibilities that include:**
 - Reviewing and providing input on the LACCE Strategic Plan, Implementation Plans, Communication Plan, and other key documents.
 - Public outreach and community engagement regarding LACCE programs and goals
 - Working closely with staff to stay abreast of issues and set Committee agendas
 - Special projects identified by the Committee itself that may include studying DER project development, new programs, or community partnership opportunities
- **The Committee will be able to:**
 - Select its own Chair and Vice Chair
 - Submit reports to the LACCE Board for consideration
 - Request financial resources from the LACCE Board to support specific studies and/or projects
 - Form working groups and subcommittees to address specific issues as may be necessary
 - Monitor the LACCE program to ensure it is meeting the needs of the communities it serves

Los Angeles Community Choice Energy

Schedule

■ Phases

- Phase 1: February 2018 – County municipal accounts
- Phase 2: Q2 2018 – County and City commercial + industrial accounts
- Phase 3: Q4 2018 – All County and city residential accounts
- Phase 4: Q1 2019 – Cities that join in Q1 2018*

* Subject to CPUC Draft Resolution E-4097

Los Angeles Community Choice Energy

Cities Joining in 2018

■ **New entrants permitted if in LACCE best economic interest***

- Consider on case-by-case basis
- LACCE may require some initial funding if unable to manage entry in a way that is protective of LACCE's financial position.
 - These costs would be reimbursable.
- Batch new entrants 2-3x/year for efficiency and certainty.

* Unless granted 90-day grace period waiver by LACCE Board due to impact of wildfires on ability to have adopted before the end of 2017.

Los Angeles Community Choice Energy

Next Steps for Cities

■ Process

- Cities adopt ordinance and JPA but withholds execution of JPA until LACCE determines feasibility*.
- LACCE assesses economics and if determined to be feasible, City and LACCE negotiate entry terms, if any.
- Once approved for entry, City executes JPA and is included in upcoming Implementation Plan Amendment.
- City designates its representatives to LACCE Board of Directors.

* Cities granted grace period waiver may execute JPA agreement immediately

Los Angeles Community Choice Energy

Contact Information

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Chief Sustainability Officer

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213-974-1160

More information/documents:
lacounty.gov/sustainability and lacce.org



June 30, 2016

Mr. Howard Choy
County of Los Angeles
Energy Management Division
1100 N. Eastern Avenue
Los Angeles, CA 90063

SUBJECT: County of Los Angeles Community Choice Energy (LACCE) Business Plan

Dear Mr. Choy:

Please find attached EES Consulting, Inc.'s (EES) Community Choice Energy Business Plan (Plan) for the County of Los Angeles (County). This Plan represents the work product of EES and Bki in evaluating the prudence of implementing a Community Choice Energy organization for the County.

We want to thank you and your staff for your assistance in preparing this Plan. It has been a pleasure working with you on this project.

Please contact me directly if there are questions or if we may be of any further assistance.

Very truly yours,

A handwritten signature in blue ink that reads "Gary S. Saleba".

Gary Saleba
President

570 Kirkland Way, Suite 100
Kirkland, Washington 98033

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A registered professional engineering and management services corporation

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Executive Summary

Background

The California legislature passed AB 117 in 2002 (amended in 2011 by SB 790) allowing all Cities, Counties, or groups of Cities and Counties to provide an electric power supply source to customers within their jurisdictions that are currently served by Southern California Edison, Pacific Gas & Electric or San Diego Gas & Electric. Community Choice Aggregation (CCA) or Community Choice Energy (CCE) is a customer opt-out program where the CCA provides power supply and behind the meter services, and the incumbent IOUs provide transmission and distribution (wires) service.

This Business Plan (Plan) evaluates the prudence of forming a CCA within the County of Los Angeles (County), the Los Angeles Community Choice Energy (LACCE). The proposed LACCE will provide power supply and behind the meter services, and Southern California Edison (SCE) will provide transmission and distribution services. Customers are part of the LACCE program until they proactively opt-out. This Plan estimates LACCE's power supply costs, administrative costs, electric loads, and future retail rates and compares LACCE's rates to the incumbent SCE. These forecast rates are compared to determine if the proposed LACCE can offer competitive rates, better products and superior customer service while also improving the environment and creating local jobs.

Description of LACCE

The proposed LACCE may include the unincorporated areas of the County and a number of Cities within the County. The unincorporated County average annual energy is 440 aMW (average Megawatts) and 900 MW peak while the total County potential service area average annual energy is estimated at 3,000 aMW and 7,000 MW peak. Energy consumption for the entire County area served by SCE is equal to more than 30 percent of SCE's total retail load.

For this Plan, it is assumed that service will be offered to customers in three phases. Phase 1 will include the County's own municipal facilities residing within the unincorporated County areas. In Phase 2, all customers located in the unincorporated County will be included in LACCE. Finally, service to customers from the Cities within the County will begin under Phase 3. Exhibit ES-1 summarizes this phased approach to forming LACCE, and the number of customers and amount of load attendant with each phase.

**Exhibit ES-1
Participation Schedule**

Phase	Start	Eligibility	Customer Accounts	Peak Load (MW)	Average Load aMW	LACCE Annual Revenues
Phase 1	January 2017	LA County Facilities within Unincorporated Area	1,728	40	20	\$25M
Phase 2	July 2017	All Customers in Unincorporated LA County	306,930	900	440	\$180M
Phase 3	To Be Determined	All Individual Cities	1,497,747	7,000	3,000	\$1,200M

Depending on the interest from Cities located in the County, Phase 1 and Phase 2 may also include customers from individual Cities. However, because of the number of Cities and the size of their associated loads, a phasing of implementation was assumed for this Plan. This phasing strategy enables LACCE to manage any start-up and operational issues before full scale operations are undertaken. In addition, this phasing strategy will allow LACCE's third party electricity suppliers, scheduling agents and data management entities to ramp up power supply procurement and bill processing over several months. Because it is not yet clear which Cities are interested in joining LACCE, this Plan explores the prudence of the first two phases being undertaken over a 20-year forecast period. It is anticipated that the results of this Plan are scalable as additional Cities join LACCE. Adding more customers than assumed in the Plan will increase revenues and further reduce LACCE rates.

By the end of Phase 2, LACCE is projected to serve a potential of over 300,000 retail customers and have annual electricity sales potential of over 3,800 GWh (Gigawatt-hours). Annual revenues to LACCE during Phase 2 operations are projected to be approximately \$180 million.

Governance

The feasibility, analysis and development of LACCE is currently being conducted by the Office of Sustainability within the County's Internal Services Department. While LACCE could, in theory, be an organization operated within the County's existing governance, it is anticipated that a JPA will be formed to provide the legal structure of LACCE. A JPA provides a more flexible framework for LACCE and historically has been the preferred structure for an organization like LACCE. Additionally, a JPA provides financial risk mitigation for its local government members.

Given the above, a key next step in the formation of LACCE is the creation of the JPA (created when two jurisdictions agree to join the JPA). Initiating LACCE operations will then require a governing authority to execute service contracts for LACCE formation and operations.

Alternatively, while a JPA is being finalized and implemented, the Office of Sustainability could manage Phase I operations of LACCE, if directed by the Board of Supervisors.

Risks

All businesses face risks and uncertainty. For LACCE, the major risks will be operational and regulatory. These risks are dealt with extensively later in the Plan. In summary, the Plan concludes that these risks are manageable and that no reasonable set of circumstances will result in LACCE's rates being higher than SCE's for comparable products.

Plan Results

This Plan evaluates the cost and resulting rates of operating LACCE, and compares these rates to a rate forecast for SCE. The analysis begins with a 20-year forecast of electrical loads and customers, incorporates several power supply resource portfolio options, and allows for the sensitivity testing of input assumptions. LACCE customers will see no obvious changes in electric service other than a lower price and increased renewable resources in their power supply resource mix. Customers will pay the power supply charges set by LACCE and no longer pay the costs of SCE power supply.

In addition to paying LACCE's power supply rate, LACCE customers will pay the SCE delivery (wires) rate and all other non-power supply related charges on the SCE bill to include Franchise Fees and Utility User Taxes.

LACCE will establish rates sufficient to recover all costs related to operation of the CCE. It is anticipated that LACCE's rate designs initially will mirror the structure of SCE's rates so that rates similar to SCE's can be provided to LACCE's customers. In setting rates, the Plan's financial analysis assumes the customer phase-in schedule noted above and assumes that the implementation costs are largely financed via a start-up loan.

The first consequence for forming LACCE is the retail rate impact as illustrated on ES-2. ES-2 shows SCE's current total bundled rates of 28 percent renewable power compared to three LACCE rate options. Bundled rates are the "all in" price for electricity delivered to the customer's meter. The Plan's Resource Portfolio Standard (RPS) rate assumes renewable energy is 28 percent of LACCE's initial power supply portfolio and increased per the State's RPS mandate.

For reference, the column headers noted on ES-2 are summarized below.

- RPS Bundled – LACCE rates with the same share (28 percent) of renewables as SCE's current power supply.
- 50% Green Bundled Rate – LACCE rates with 50 percent renewable power.
- 100% Green Bundled Rates – LACCE rates with 100 percent renewable power.

A rate schedule comparison of LACCE's rates and SCE's rates follows.

Exhibit ES-2
Indicative Rate Comparison in ¢/kWh

Rate Class	Customer Type	SCE Bundled Rate*	LACCE RPS Bundled Rate	LACCE 50% Green Bundled Rate	LACCE 100% Green Bundled Rate
Residential	Domestic	17.1	16.2	16.4	18.2
GS-1	Commercial	16.6	15.7	15.9	17.7
GS-2	Commercial	15.8	15.0	15.2	16.9
GS-3	Industrial	14.5	13.8	13.9	15.5
PA-2	Public Authority	12.6	12.0	12.1	13.4
PA-3	Public Authority	10.4	9.9	10.0	11.1
TOU-8 Secondary	Domestic	13.1	12.4	12.6	14.0
TOU-8 Primary	Commercial	11.7	11.1	11.2	12.5
TOU-8 Substation	Industrial	7.5	7.1	7.2	8.0
Total LACCE Rate Savings			5.4%	4.1%	(6.3%)

*SCE bundled average rate based on Table 3 in Advice 3319-E-A.

As can be seen above, the LACCE RPS residential rate is 0.9¢/kWh or 5.4 percent lower than what SCE currently offers with an equal amount of renewable power (28 percent). The LACCE residential rate with 50 percent renewable power (compared to SCE's 28 percent) is 0.7¢/kWh or 4.1 percent lower for roughly twice the amount of green renewable power. The LACCE residential rate with 100 percent green power (compared to SCE's 28 percent) is 1.1¢/kWh or 6.3 percent higher, but this additional amount comes with almost four times more renewable power than the comparable SCE rate.

As an alternative to its standard rates with 28 percent renewable power, SCE also offers rates which feature 50 percent and 100 percent renewable power. For the residential customers, SCE estimates energy costs to be 3.5 cents per kWh higher for each kWh served on the green rate. The LACCE rates for 50 percent and 100 percent renewable power for residential customers are therefore estimated at 12-13% percent lower than SCE's.

The rates calculated under this Plan are for comparison to SCE rates only. Under formal operations, the LACCE governance will determine the actual rates to be offered to customers. For example, LACCE may decide to offer the 50% renewables rate as the base tariff to customers if the environmental benefits far outweigh a minor difference in cost compared to the RPS base case.

Finally, it should be noted that these rate comparisons assume all savings will go towards rate reductions. It is likely that the LACCE governing body may opt to place some of these savings into a financial reserve account for use at other times when needed and/or to accelerate the payoff of start-up and initial operations financing.

Renewable Energy Impacts

A second consequence of forming LACCE will be an anticipated increase in the proportion of energy supplied by renewable resources used by LACCE customers. The Plan includes procurement of renewable energy sufficient to meet 50 percent or more of LACCE customer's electricity needs at start up. The majority of this renewable energy will be met by renewable energy purchased on the wholesale market or newly constructed renewable resources. By 2020, SCE must procure a

minimum of 33 percent of its customers' annual electricity usage from renewable resources due to the State's RPS mandate and the Energy Action Plan requirements of the California Public Utilities Commission (CPUC). In contrast, LACCE customers will target 50 percent renewable power by 2017, which will come from new and some local renewable resources.

Energy Efficiency Programs

A third consequence of the Program will be an increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by SCE will not change as a result of LACCE. LACCE customers will continue to pay the Public Goods Charges to SCE. This charge funds energy efficiency programs for all customers, regardless of power supply provider. The energy efficiency programs ultimately planned by LACCE will be in addition to the level of energy efficiency investment currently provided by SCE. Thus, LACCE has the potential to increase energy savings with an attendant reduction in emissions due to expanded energy efficiency programs.

LACCE will likely establish a program which offers a combination of retail tariffs, rebates, incentives and other bundled offerings intended to increase customer participation in demand-side management programs including: renewable distributed generation, energy storage, energy efficiency, demand response, electric vehicle charging, and other clean energy benefits defined as Distributed Energy Resources (DER). LACCE will work with State agencies and SCE to promote deployment of DERs in specific and targeted locations throughout SCE's distribution grid, and preferably within the County, in order to help support efficient grid operations and maintenance as part of the development of the future "smart grid."

The Southern California Regional Energy Network (SoCalREN), administered by the Office of Sustainability and authorized by the California Public Utilities Commission (CPUC) as an independently administered energy efficiency program in 2012, will serve as a platform for providing the services described above as it already receives funding under the CPUC's Energy Efficiency Program and is active in current CPUC proceedings designed to accelerate the implementation of local DERs.

Economic Development

The fourth consequence of LACCE will be significant economic development. So far, the analyses contained in this Plan focused on the direct effects of forming LACCE. However, in addition to these direct effects, the formation of LACCE will create indirect economic effects. These include increased local investments, increased disposable income due to bill savings, and improved environmental and health conditions.

Exhibit ES-3 shows the economic impact resulting from \$20 million in electric bill savings across the County. The \$20 million rate savings represents the estimated bill savings per year achievable by LACCE once Phase 3 operations begin. Based upon a macroeconomic input/output model employed for this Plan, it is estimated that these savings will create approximately 211 additional jobs in the County and over \$9.6 million in labor income. It is also estimated that the total value added will be approximately \$15.9 million and output close to \$24.2 million.

Exhibit ES-3 \$20 Million Rate Savings Effects on County Economy				
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	98.3	\$3,674,939	\$5,376,863	\$7,099,612
Indirect Effect	10.4	\$608,838	\$1,057,593	\$1,677,591
Induced Effect	102.1	\$5,319,262	\$9,472,599	\$15,391,851
Total Effect	210.7	\$9,603,040	\$15,907,056	\$24,169,054

In addition to increased economic activity due to electric bill savings, potential local projects can also create job and economic growth within the County. As an example of the macroeconomic activity caused by local DER deployment, this Plan assumes the installation of 50 crystalline silicon, fixed mount solar systems with nameplate capacities of 1 MW each for a total capacity of 50 MW. Overall, the building of a 50 MW solar project is projected to create \$87 million in earnings and \$188 million in output (GDP) in the local economy along with 1,636 jobs during construction and 14 full-time jobs ongoing. It is anticipated that LACCE will ultimately install a number of larger local solar projects such as the one described. LACCE will need between 2,000 – 3,000 MW of solar at build-out. As such, the total economic benefit of LACCE's renewable resource could be 40 – 60 times those estimated above. Local clean projects development under LACCE may serve as a platform for accelerating local hiring programs and job training programs for underserved labor sectors and communities.

Green House Gas Impacts

The fifth consequence of forming LACCE will be significant environment benefits. The share of renewable power in SCE's power supply portfolio is currently 28 percent¹ and is scheduled to shift to 33 percent by 2020. LACCE is committed to reductions in greenhouse gas emissions. If LACCE achieves its 50 percent RPS target at start-up, GHG emissions reductions attributable to LACCE operations in 2019 will range from 289,080 to 505,890 tons CO₂ equivalent (CO₂e) per year relative to SCE's projected resource mix over the same period. Exhibit ES-4 details these reductions.

Exhibit ES-4 Baseline Comparison of GHG Reduction by LACCE			
	2017	2018	2019
Forecast Renewables (50% Renewables)			
LACCE (MWH) – Phase 2	1,438,275	1,459,854	1,459,854
LACCE RPS (MWH) – Phase 2	730,029	737,154	737,154
Additional Green Power (MWH)	708,246	722,700	722,700
CO ₂ reduction – Low (Metric Tons of CO ₂ e)	283,298	289,080	289,080
CO ₂ reduction – High (Metric tons of CO ₂ e)	495,772	505,890	505,890

¹ http://www.cpuc.ca.gov/RPS_Homepage/

These reductions in GHG emissions associated with LACCE operations are significant. Assuming only Phase 2 loads (all unincorporated County loads) are being met by LACCE, CO₂e emissions associated with in-County electricity use will be reduced by 1-2 percent. At full Phase 3 build-out, CO₂ emissions associated with in-County electricity use will be reduced roughly 12-25 percent by LACCE operations.

Summary

This Plan concludes that the formation of a CCA in Los Angeles County is financially prudent and will yield considerable benefits for the County's residents and businesses. These benefits include at least a 4 percent lower rate for electricity than is charged by SCE and roughly twice the amount of renewable resource deployment. With the achievement of Phase 2 operations, LACCE will reduce GHG emissions by as much as 500,000 tons of CO₂e per year, add hundreds of jobs, generate over \$24 million in additional GDP, and give the County and its residents local control over their power supply and distributed energy resource programs. At full build-out (Phase 3), LACCE will reduce in-County generation-related greenhouse gases by as much as 25 percent and total GHGs in the County by 6%. Finally, there is no reasonable set of risk-related circumstances that will result in LACCE's rates being higher than SCE's rates for comparable products.

Introduction

Background

California's legislature passed AB 117 in 2002 (amended in 2011 by SB 790) allowing all Cities, Counties, or groups of Cities and Counties to provide electric service to customers currently served by Investor-Owned Utilities (IOUs). Community Choice Aggregation (CCA) is the legislative organization empowered to provide this service. A CCA is a customer opt-out program where the CCA provides power supply and behind the meter services, and the incumbent IOU provides transmission and distribution (wires) service. This legislation states that CCA will enable California to experience more competitive electricity rates, a more renewable power supply mix, and growth in local resources and associated economic activity. Currently, there are five CCAs operating in California and these utilities offer competitive rates for power supply that have a higher percentage of renewable resources. They have also proven to promote local economic activity and their associated benefits.

Several other California Cities and Counties are currently evaluating the feasibility of CCA formation within their jurisdictions. This information can be found in Appendix A.

There are several potential benefits of the CCA model in addition to competitive rates. Other benefits include local control over energy resources selection including renewable local projects, energy efficiency and a reduction in greenhouse gases (GHG). In addition, CCAs can minimize power supply rates and maximize renewable energy utilization with the attendant local jobs in the local community.

Objective

This Business Plan (Plan) evaluates the feasibility of forming a CCA within the County of Los Angeles (County) named the Los Angeles Community Choice Energy (LACCE). The proposed CCA will provide power supply and behind the meter services, and Southern California Edison (SCE) will provide transmission and distribution (wires) services. This Plan estimates LACCE's power supply costs, administrative costs, electric loads, and future retail rates for the proposed LACCE and incumbent Investor-Owned Utility (IOU), Southern California Edison (SCE). These forecast rates are compared to determine if the proposed LACCE can offer competitive rates, better products and superior customer service. A sound financial and operational foundation for LACCE must be achievable before the other desirable attributes of a CCA can be enjoyed.

LACCE Description

LACCE, as proposed, may include the unincorporated areas of the County and a number of Cities within the County. Unincorporated County average annual energy use is 440 aMW with a 900 MW peak while the total Plan area average annual energy use is estimated at 3,000 aMW with a 7,000 MW peak. Energy consumption for the entire LACCE area equals more than 30 percent of SCE's current retail loads.

For this Plan, it is assumed that service will be offered to customers in three phases. Phase 1 will include the County's own facilities residing within the unincorporated County areas. In Phase 2, all customers located in the unincorporated County will be included into LACCE. Finally, service to customers from the Cities within the County will begin under Phase 3 and after LACCE is completely operational. However, Cities that are ready to participate early will be eligible under Phases 1 and 2. Exhibit 1 summarizes this phased approach to starting LACCE and the amount of load attendant with each phase.

Exhibit 1 Participation Schedule						
Phase	Start	Eligibility	Customer Accounts	Peak Load (MW)	Average Load (MWa)	LACCE Annual Revenues
Phase 1	January 2017	LA County Facilities within Unincorporated Area	1,728	40	20	\$25M
Phase 2	July 2017	All Customers in Unincorporated LA County	306,930	900	440	\$180M
Phase 3	To Be Determined	All Individual Cities	1,497,747	7,000	3,000	\$1,200M

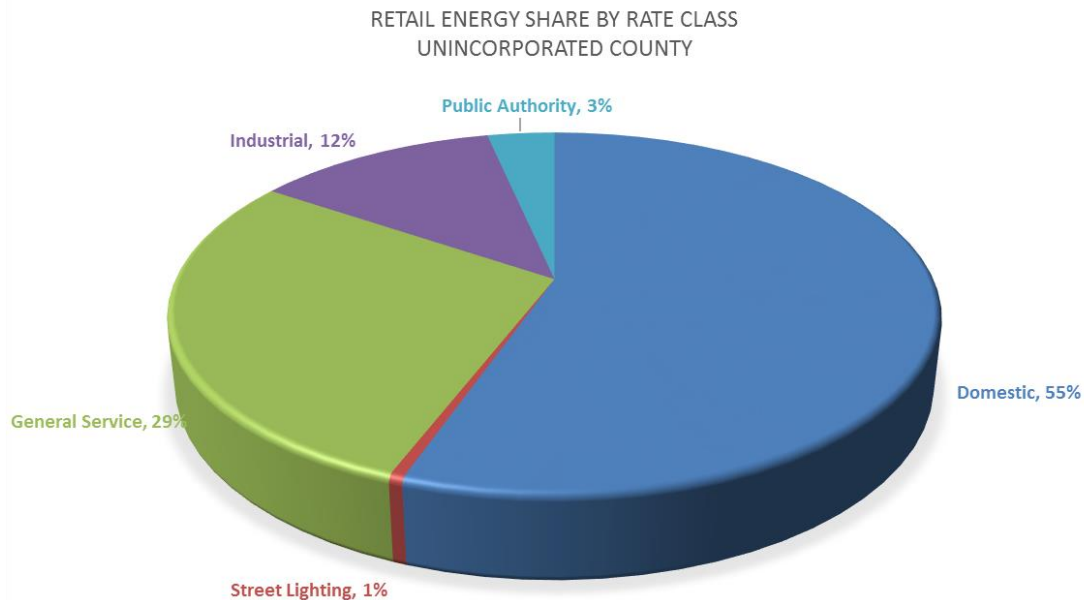
Customer Participation Schedule

Depending on the interest from Cities located in the County, Phase 1 and Phase 2 may include customers from individual Cities; however, because of the number of Cities and the size of their associated loads, a phasing strategy is assumed for this Plan. This phasing strategy enables LACCE to address any start-up and operational issues before full scale operations are undertaken. In addition, this strategy will allow LACCE's third party electricity suppliers, scheduling agents and data managers to ramp up their activities over several months.

Because it is not yet clear when Cities will join LACCE, this Plan explores the feasibility of only the first two phases. It is anticipated that the results of this Plan are scalable as additional Cities join LACCE. However, a few of the key statistics and benefits that LACCE provides have also been noted under full-scale participation of Phase 3. Additional load from other Cities will increase LACCE's revenues and lower overall rates.

By the end of Phase 2, LACCE is projected to serve a potential of over 300,000 retail customers and have annual electricity sales potential of over 3,800 GWh. Annual LACCE revenues at Phase 2 build-out are projected to be \$180 million. At full build-out for the entire County, gross revenues of \$1.2 billion are forecast. The breakdown of projected sales in Phase 2 by major customer class is shown in the following Exhibit 2.

Exhibit 2
Retail Energy Share by Rate Class



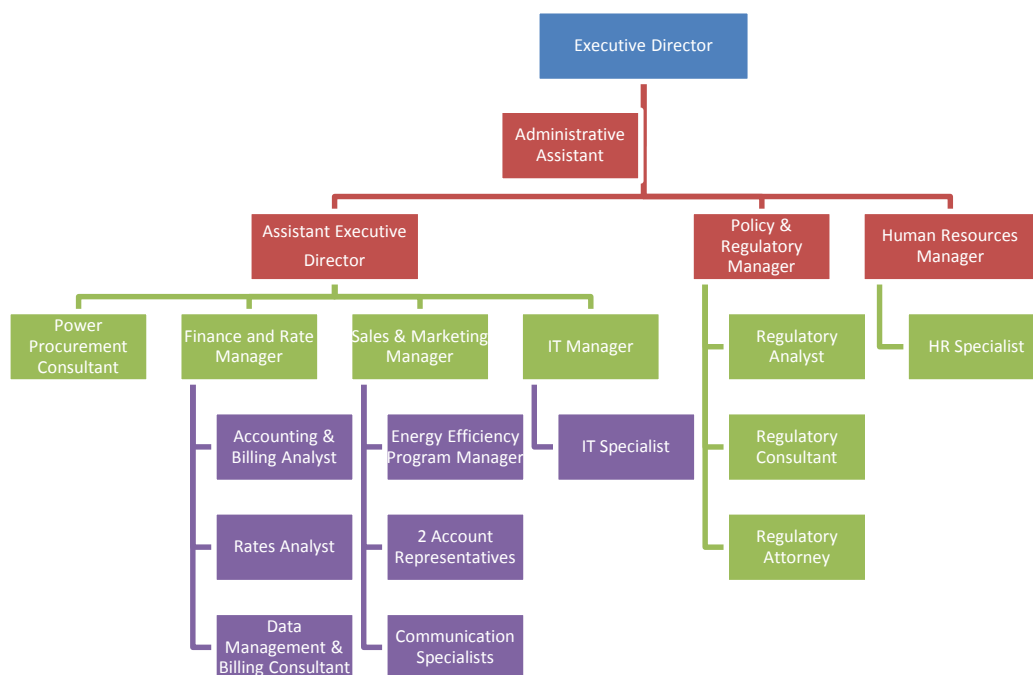
Summary of LACCE's Proposed Governance and Operations

In the future, LACCE will likely be operated under the terms of a Joint Powers Agreement (JPA), which will promote, develop, and conduct electricity-related projects and programs for the County's residences and businesses. The JPA agreement will dictate the governance provisions of LACCE. A description of LACCE operations and governance is described below.

LACCE activities will be overseen by the JPA's Board of Directors (Board). This Board will have primary responsibility for managing all aspects of LACCE programs. Operations of LACCE programs will be the responsibility of an Executive Director, appointed by LACCE's Board. The Executive Director will manage staff, contractors and third party providers, in accordance with the general policies established by the Board. LACCE has responsibilities over the functional areas of Finance, Legal/Regulatory, and Operations. LACCE will utilize a combination of internal staff and contractors. Certain specialized functions are needed within LACCE operations, namely those of electric supply and customer billing management.

If LACCE transitions most of its administrative and operational responsibilities to internally staffed positions sometime during Phase 2 operations, LACCE will have a full time staff of approximately 15 – 20 employees to perform its responsibilities, primarily related to program and contract management, legal and regulatory, finance and accounting, energy efficiency, marketing and customer service. Technical functions associated with managing and scheduling power suppliers and those related to retail customer billings will likely be performed by an experienced third party contractor. The proposed organization chart for LACCE is provided below.

**Exhibit 3
Organization Chart**



It is estimated that LACCE will need a bridge loan of roughly \$10 million to initiate LACCE and provide the working capital needed in Phase 1. Working capital requirements will increase to approximately \$40 million for Phase 2. Options for acquiring this funding are described later in the Plan.

Plan Methodology

This Plan evaluates the cost and resulting rates of operating LACCE and compares these rates to a SCE rate forecast. This pro forma 20-year feasibility analysis models the following cost components:

- **Power Supply Costs:**
 - Wholesale purchase
 - Renewable purchases
 - Procurement of resource adequacy capacity
 - Other power supply and charges
- **Non-Power Supply Costs:**
 - Start-up costs
 - LACCE staffing and administration costs
 - Consulting support
 - SCE and regulatory charges
 - Financing costs

- Pass-Through Charges from SCE:
 - Transmission and distribution charges
 - Power Cost Indifference Adjustment (PCIA) Charge
 - Other SCE non-bypassable charges

The modeled information above is used to determine the retail rates for LACCE. LACCE rates are then compared to the SCE projected rates for LACCE service area.

Plan Uncertainties

The results of this Plan are subject to uncertainties. These uncertainties are evaluated in the Plan's sensitivity analysis. The list below provides a discussion of the key uncertainties of this Plan.

- Market Price Forecasts – Market prices (and forecasts) are continually changing. The market price forecasts for electricity and natural gas utilized in this Plan are based on the best currently available information regarding future natural gas and electricity prices, and have been confirmed by recent wholesale power transactions in southern California. These types of forecasts vary over time. Thus, a range of market price forecasts are evaluated in the Plan's sensitivity analysis.
- Rate Forecasts – The Plan forecasts both LACCE and SCE rates over a 20-year study period. These forecasts are based on current information regarding inflation and other cost drivers. Unexpected impacts on rates are discussed in more detail in the Plan's sensitivity analysis.
- Forecasted Load and Customer Growth – The Plan bases the load forecasts on customer growth. Each of these forecasts includes a level of uncertainty. To illustrate the load uncertainty, low, medium, and high load forecasts are developed for the Plan's sensitivity analysis.
- Regulatory Risks – Unforeseen changes in legislation (California Public Utility Commission, State legislation and Federal Energy Regulatory Commission) may impact the results of this Plan. Sensitivities on these risks are also provided.

This sensitivity analysis shows that LACCE rate could be greater than SCE rates if:

- The PCIA becomes larger by orders of magnitude
- LACCE loads are much less than forecast
- Wholesale market prices are much less than current experience

Each of these three scenarios has a low risk of actually occurring. For example, wholesale market prices for natural gas/electricity are at all-time lows. The probability of any significant further lowering of these prices is judged to be very small. The PCIA level should be fairly stable going forward as regulatory remedies are in play to stabilize the PCIA. Additionally, the CCA vigilance in this area has increased markedly. A relatively high customer opt-out percentage has been assumed in this Plan as compared to those experienced by operating CCAs. It is very unlikely LACCE loads will not meet or exceed those assumed in the Plan. Finally, the California legislature promulgates energy legislation with some regularity. Most recently, SB 350 was passed which requires periodic filings by all utilities to document their respective power procurement strategies and requires all utilities to procure a large amount of power with contract terms greater than 10 years. While these

new requirements may be viewed as overly prescriptive, they apply to all utilities and should not affect the relative competitiveness of LACCE vis-à-vis SCE.

Plan Organization

This Plan is organized into the following main sections:

- Load Requirements
- Power Supply Strategy and Costs
- LACCE Cost of Service
- Products, Services, Rates Comparison and Environmental/Economic Considerations
- Sensitivity Analysis
- Summary and Recommendations

These Appendices are referenced throughout the balance of this Plan.

Load Requirements

Rates paid by LACCE customers will vary depending on load levels, power supply mix, power purchase strategy, stranded costs estimated via SCE's Power Cost Indifference Adjustment (PCIA), and ultimately LACCE's implementation strategy. This section of the Plan provides an overview of the forecast LACCE load levels. The other key areas noted above will be detailed in the remaining sections of the Plan.

LACCE JPA Membership Participation Rates

For the purpose of this Plan, it has been assumed that the development of LACCE will occur using a three-phase implementation structure. Phase 1 will include the County's own facilities within the unincorporated County. Phase 2 will enroll all customers in the unincorporated County, while Phase 3 opens enrollment to all interested Cities within the County. Because the timing of Phase 3 is uncertain, this Plan examines the feasibility of a LACCE covering only unincorporated LA County (Phases 1 and 2). However, individual Cities could participate in LACCE starting in Phase 1 or Phase 2, if desired. This will require notification to LACCE of a City wishing to join that is early enough for proper power supply and data management issues to be resolved.

Exhibit 4 summarizes this phased approach to starting LACCE and the amount of load attendant with each phase.

Exhibit 4 Implementation Schedule						
Phase	Start	Eligibility	Customer Accounts	Peak Load (MW)	Average Load (MWa)	LACCE Annual Revenues
Phase 1	January 2017	LA County Facilities within Unincorporated Area	1,728	40	20	\$25M
Phase 2	July 2017	All Customers in Unincorporated LA County	306,930	900	440	\$180M
Phase 3	To Be Determined	All Individual Cities	1,497,747	7,000	3,000	\$1,200M

LACCE Customer Participation Rates

Before customers are served by LACCE, they will receive two notices from LACCE that will provide information needed to understand the terms and conditions of service from LACCE and explain how customers can opt-out, if desired. These notices will be provided 60 and 30 days before CCA launch. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled into LACCE. Customers automatically enrolled will continue to have their electric meters read and will be billed for electric service by SCE. LACCE bill processed by SCE will show separate charges for power supply procured by LACCE, all other charges related to delivery of the electricity and other utility charges that will continue to be assessed.

Subsequent to commencement of service, customers will be given two additional opportunities to opt-out and return to SCE at 60 and 30 days after LACCE's launch. Customers that opt-out between the initial switchover date and the close of the post enrollment opt-out period will be responsible for LACCE charges for the time they are served by LACCE but will not otherwise be subject to any charges for leaving LACCE. Customers that have not opted-out within sixty days of switchover to LACCE service will be deemed to have elected to become a participant in LACCE.

This Plan anticipates an overall customer participation rate of 100 percent during Phase 1, as service is being offered to County facilities. For Phase 2, it is assumed that approximately 75 percent of residential customers and 65 percent of non-residential customers will remain with LACCE. These opt-out assumptions are conservative estimates when compared to participation rates in other CCAs. For operating CCAs in California, roughly 85 percent of the applicable customers have stayed with the CCA. A sensitivity analysis is performed around this retail customer participation rate assumption to illustrate the impact on LACCE rates of higher and lower participation rates.

Historical Consumption

SCE provided historical customer consumption and data for the County areas served by SCE. This SCE data included non-coincident and coincident peak demands for the different rate classes plus monthly kWh energy consumption. This data included information from all 82 CCA-eligible Cities within the County plus the County's unincorporated areas. These data inputs provided the basis for LACCE load forecasts. Exhibit 5 summarizes the rate schedules included in the SCE-provided data.

Exhibit 5 Rate Schedules Included in SCE Load Data		
Rate Class	Included Rate Schedules	Rate Schedule Description
Residential	DOM-S/M	Domestic Service – Single-Family Dwelling or individually metered Single-Family Dwelling in a Multifamily Accommodation
	DOM-M/M	Domestic Service – Multifamily Accommodation – Residential Hotel – Qualifying RV Park
	DOM-S/M-CARE	Domestic Service – California Alternate Rates
Small General Service	TOU-GS-1	Time-of-Use – General Service (< 20 kW)
Medium General Service	TOU-GS-2	Time-of-Use – General Service – Demand Metered (20 – 200 kW)
Large General Service	TOU-GS-3	Time-of-Use – General Service – Demand Metered (200 – 500 kW)
Industrial/Large Power	TOU-8-PRI	Time-of-Use – General Service – Large – Primary Transmission
	TOU-8-SEC	Time-of-Use – General Service – Large – Secondary Transmission
	TOU-8-SUB	Time-of-Use – General Service – Large - Subtransmission
Small/Medium Agricultural and Pumping	TOU-PA-2	Time-of-Use – Agricultural & Pumping – Small to Medium
Large Agricultural and Pumping	TOU-PA-3	Time-of-Use – Agricultural & Pumping – Large
Street Lighting	LS-1	Street and Highway Lighting – Unmetered Service – Company-Owned
Traffic Control	TC-1	Traffic Control Service

Based on this data, there are 1,497,747 SCE electric customers within the County served by SCE. Annual energy consumption for all of these customers was 26,290 GWh. Bundled customers (full service) make up over 99 percent of total customer accounts and comprise approximately 86 percent of the total energy use. Direct access customers account for only 0.7 percent of customers, but use nearly 16 percent of the annual energy. Exhibit 6 summarizes historic energy consumption and customer accounts for SCE customers within the County.

Exhibit 6 Summary of Load Data by Customer Type				
Customer Category	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
SCE - Bundled Customers	1,497,747	99.3%	26,290,996	85.5%
Direct Access Customers	10,588	0.7%	4,465,290	14.5%
Total	1,508,335	100.0%	30,756,286	100.0%

Direct access customers purchase their power supply and other services from an electric service provider (ESP), rather than the incumbent utility. In California, eligibility for DA enrollment is currently limited to retail non-residential customers and enrollment is based on an annual lottery.² Customers classified as taking service under direct access arrangements were not included in this Plan, as it is assumed that these customers will remain with their current ESPs. Exhibit 7 shows consumption and customer counts by rate class for SCE's bundled customers in the County.

Exhibit 7 Summary of Bundled Load Data by Rate Class				
Rate Class	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
Residential	1,242,505	83%	7,721,755	29.0%
Small General Service	200,197	13%	2,368,901	9.0%
Medium General Service	35,591	2%	5,344,593	20.0%
Large General Service	2,630	0.2%	2,656,395	10.0%
Industrial/Large Power	1,112	0.1%	7,372,587	28.0%
Small/Medium Agricultural and Pumping	2,098	0.1%	289,617	1.1%
Large Agricultural and Pumping	226	0.02%	215,097	0.8%
Street Lighting	8,195	0.5%	300,571	1.1%
Traffic Control	5,193	0.3%	21,290	0.1%
Total	1,497,747	100.0%	26,290,996	100.0%

Customers located in CCA-eligible Cities within the County account for approximately 80 percent of SCE customers and 85 percent of annual energy usage in all of the County. Potential customers and energy consumption by location are shown in Exhibit 8.

² S.B. 286 (CA, 2015-2016 Reg. Sess.)

Exhibit 8
Summary of Bundled Load Data by Location

Location within LA County	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
Cities	1,190,816	80%	22,448,984	85%
Unincorporated	306,930	20%	3,841,822	15%
Total County	1,497,747	100%	26,290,996	100%

In addition to the SCE consumption data, SCE provided annual consumption, annual revenue and annual peak demands for County-owned buildings served by SCE. Exhibit 8 summarizes the energy consumption and customer counts for County facilities located in the Cities and unincorporated areas of the County. This data provides the basis for Phase 1 of LACCE's Implementation Plan. Exhibit 9 shows that there are 3,358 total eligible County facilities in the County and these customers use approximately 472,892 MWh of energy per year. The number of County accounts are distributed nearly equally between Cities and unincorporated County areas, yet County buildings in Cities account for over two thirds of annual County electrical consumption.

Exhibit 9
Summary of LA County Facility Load Data by Location

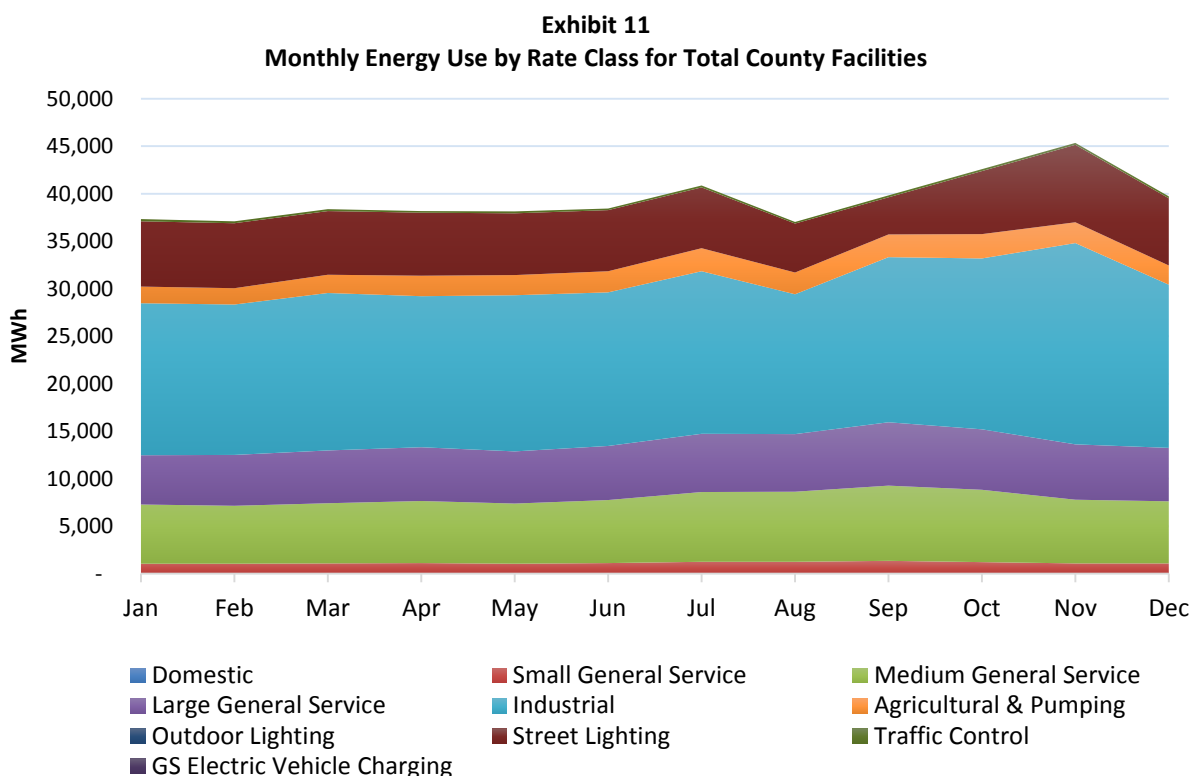
Location	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
Cities	1,630	49%	298,027	63%
Unincorporated	1,728	51%	174,865	37%
Total	3,358	100%	472,892	100%

Exhibit 10 shows energy consumption and customer distribution by rate class for all County-owned facilities. General service customers account for over half of the County customers (55 percent) and 35 percent of County loads.

Exhibit 10
Summary of LA County Facility Load Data by Rate Schedule

Rate Class	Customer Accounts	Customer Accounts (% of total)	Annual Energy Use (MWh)	Energy Use (% of total)
Domestic	71	2%	359	< 1%
Small General Service	1,361	41%	13,428	3%
Medium General Service	432	13%	81,666	17%
Large General Service	63	2%	69,606	15%
Industrial	30	1%	202,514	43%
Agricultural & Pumping	202	< 1%	25,650	5%
Outdoor Lighting	11	< 1%	20	< 1%
Street Lighting	340	10%	77,358	16%
Traffic Control	847	25%	2,290	< 1%
General Service Electric Vehicle Charging	1	< 1%	0.2	< 1%
Total	3,358	100%	472,892	100%

Since the County facilities data included annual totals only, assumptions were made to estimate monthly energy and monthly peak demands. Load profiles have been created, based on monthly loads for each rate schedule, from SCE-provided data. Load profiles were assigned to County facilities based on rate schedule. The resulting monthly energy distribution is illustrated in Exhibit 11. Monthly energy and customer estimates, by rate class and facility location, were used to adjust SCE data to avoid double-counting customers and energy when developing load forecasts.



Forecast Consumption and Customers

Upon enrollment of customers in each of LACCE's implementation phases, customers will be switched over to service with LACCE on their next regularly scheduled meter read date. Forecast loads are needed to estimate LACCE revenue and power supply costs. A range of load forecasts have been developed at the rate class level for each phase of LACCE's operations.

Average energy use per customer for residential and general service customers has been normalized to remove any abnormal weather impacts from the historic energy data. Going forward, projections for customers enrolled in LACCE and retail energy consumption have been forecast to increase at 1.5 percent per year. This forecast is based on the mid-case electricity demand forecasts for the SCE planning area, as reported to the California Energy Commission (CEC).³ Hourly electric

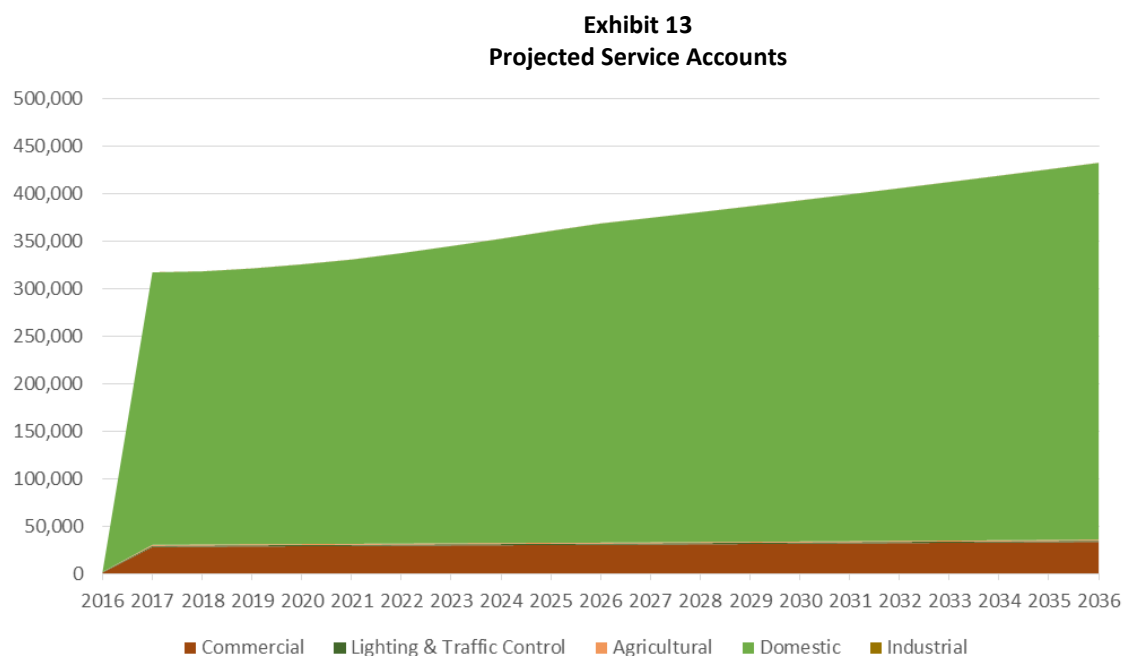
³ Southern California Edison. *California Energy Demand 2015 Revised - Mid Demand Case*. December 2015. Sacramento, CA: California Energy Commission.

consumption and peak demands have been estimated based on SCE's hourly load profiles for each customer classification.

The number of accounts served by LACCE at the beginning of each phase is shown in Exhibit 12.

Exhibit 12 Projected Customer Enrollments		
Program Customers	Phase 1	Phase 2
Domestic	43	286,656
Commercial	925	27,902
Industrial	10	135
Street Lighting & Traffic	686	1,288
Ag & Pump	64	986
Total	1,728	306,903

The forecast of service accounts (customers) served by LACCE for each of the next ten years is shown in Exhibit 13, which reflects an estimated annual growth of 1.5 percent and excludes other Cities.



The LACCE forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. The annual electricity needed to serve LACCE retail customers increases from just over 50 GWh in the first year to over 3,134 GWh by 2025. Annual energy requirements are shown below in Exhibit 14.

Exhibit 14
Projected Annual Energy Requirements

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Retail Sales (MWh)	1,646,785	2,873,075	2,894,927	2,921,864	2,952,194	2,995,937	3,040,110	3,085,547	3,134,997
Losses (MWh)	105,353	198,565	200,173	202,091	204,226	207,276	210,312	213,442	216,846
Total Load Requirements (MWh)	1,752,137	3,071,640	3,095,099	3,123,954	3,156,421	3,203,213	3,250,422	3,298,989	3,351,843

Renewable Resource Requirement

In addition to estimating the potential retail loads and customers, current legislation requires that a certain percent of annual retail electric sales be supplied from qualified renewable energy resources.

SBX1-2 passed in April, 2011 established a 33 percent Renewable Portfolio Standard (RPS) requirement by 2020 with certain procurement targets prior to 2020. SBX1-2 also defined three types of renewable categories (or Buckets) that can be used to meet the RPS target.

Bucket 1 – Renewable resources located in California or out-of-state renewable resources that can meet strict scheduling requirement ensuring deliverability into California. According to SBX1 2 there are no limits on Bucket 1 renewable resources.

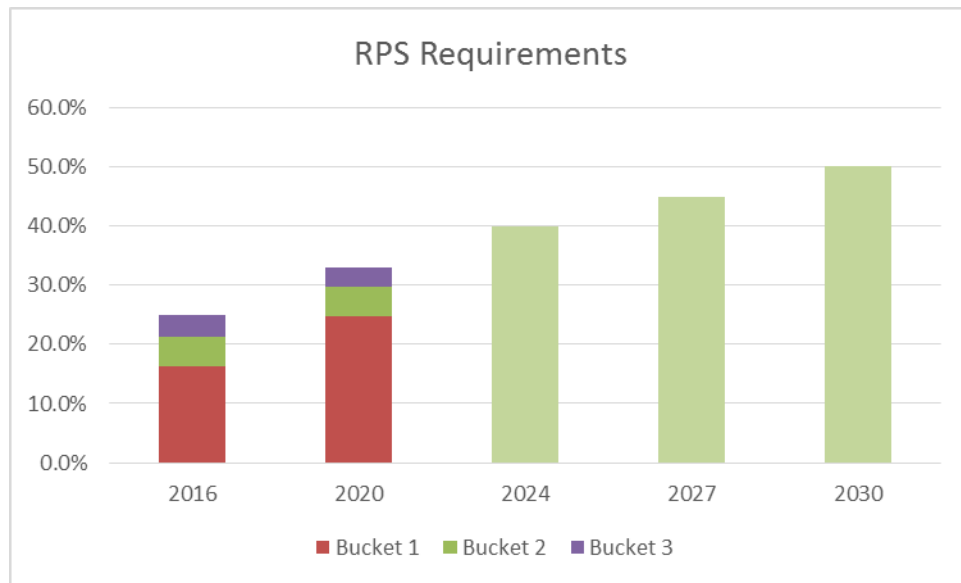
Bucket 2 – Bucket 2 renewable resources are firmed or shaped renewable resources not necessarily delivered to California, but an equivalent amount of energy is delivered from a different non-renewable resource and then bundled with Renewable Energy Certificates (RECs). Bucket 2 resources are limited to annual maximum of 20 percent of total RPS procurement through 2016 and 15 percent through 2020.

Bucket 3 – Bucket 3 consists of unbundled Renewable Energy Certificates (RECs) which are separated from the actual electric energy. Bucket 3 resources are limited to an annual maximum of 15 percent of total RPS procurement through 2016 and 10 percent through 2020.

In addition, SB350 increased the RPS requirement to 50 percent by 2030. At this time, the amount of REC's that can be used to meet the 50 percent RPS requirement has not been finalized.

Exhibit 15 provides an overview of the RPS requirements until 2030.

Exhibit 15
California RPS Requirements as a Percent of Total Power Supply



LACCE's Plan has been developed assuming LACCE will meet a 50 percent RPS target as soon as possible through contracts, distributed generation and local resources.

LACCE will exceed SCE's renewable energy percentage from the first day of its operations when it meets its 50 percent goal. LACCE will therefore significantly exceed the minimum RPS requirements and significantly exceed the renewable power share provided by SCE.

Resource Adequacy Requirements

In addition to determining the renewable resource requirement, LACCE will also need to demonstrate it has sufficient physical power supply capacity to meet its projected peak demand plus a 15 percent planning reserve margin. This requirement is in accordance with resource adequacy regulation administered by the CPUC and the California Energy Commission (CEC).

The CPUC's resource adequacy standards applicable to LACCE require a demonstration one year in advance that LACCE has secured physical capacity for 90 percent of its projected peak demand for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, LACCE must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

The Plan's load forecast estimates capacity needs, including resource capacity requirements, to be used for the power supply cost forecasting.

Power Supply Strategy and Costs

This section of the Plan provides a discussion of the power supply resource cost forecasts, potential power supply strategies that could be implemented by LACCE and provides portfolio pricing based on the loads projected for LACCE.

LACCE will be charged with developing both short (one and two-year) and long-term (five to twenty years) resource plans. LACCE will develop the resource plan under the guidance provided by the Joint Power Agency (JPA), in compliance with California law, and other requirements of California regulatory bodies (CPUC and CEC).

Long-term resource planning includes load forecasting and supply planning on a 10- to 20-year time horizon. LACCE's planners will develop integrated resource plans that meet their supply objectives and balance cost, risk, and environmental considerations. Integrated resource planning considers demand side energy efficiency and demand response programs as well as traditional supply options. LACCE will require a planning function even if the day-to-day supply operations are contracted to third parties. This will ensure that local preferences regarding the future composition of supply and demand resources are planned for, developed and implemented.

Resource Strategy

LACCE should seek to maximize the use of local, cost-effective renewable generation resources in its resource plan. The ability to invest capital in power supply and demand-side resources using tax-exempt financing is an important factor in LACCE's ability to increase the use of renewable energy while offering rates that are competitive with SCE. Power purchases from renewable and non-renewable resources will supply the remaining majority of the resource mix. LACCE's electric portfolio will be managed by a third party electric supplier, at least during the initial implementation period. Through a power services agreement, LACCE will obtain full service requirements electricity for its customers, including providing for all electric, ancillary services and the scheduling arrangements necessary to provide delivered electricity.

Resource Costs

For this Plan, individual resource costs are estimated and other energy providers based on current market condition, recent power supply contracts for renewable energy as well as a review of the applicable regulatory requirements.

Market Purchases

Natural gas-fired power plants are typically the marginal power supply resource that sets the electricity market price in southern California and elsewhere in the Western Energy Coordinating Council (WECC) footprint. WECC guides power supply resources west of the Rocky Mountains. As the market price of electricity is usually set by the cost of the marginal unit, a wholesale market price forecast has been developed using a forecast of natural gas prices and the projected relationship between gas price and electricity price (also defined as market-implied heat rates or

spark spreads). The projected market-implied heat rates reflect the average efficiency of gas-fired power plants in California. Projected heat rates are based on historic market-implied heat rates which are calculated by dividing historic southern California (SP15) wholesale market prices by historic southern California natural gas prices. A natural gas price forecast has been developed based on NYMEX forward gas prices for the Henry Hub trading hub and southern California basis differentials. Projected market heat rates have then been applied to the southern California natural gas price forecast to calculate a wholesale electric market price forecast for southern California.

The following steps have been taken to produce the wholesale electric market price forecast:

1. Forward prices for natural gas at Henry Hub are available through June 2025. A 3.5 percent annual growth rate is assumed after June 2025.
2. The southern California basis differential is used to adjust the Henry Hub forward prices to southern California prices. Southern California forward natural gas prices are equal to NYMEX forward prices (Henry Hub) plus the southern California basis. The southern California basis forward curve is available through December 2020. After December 2020, the monthly southern California basis is assumed to increase at 4 percent.
3. Projected monthly market-implied heat rates are multiplied by forecast southern California natural gas prices to calculate forecast southern California wholesale market prices.
4. Projected heat rates are based on historic heat rates (southern California wholesale electricity prices divided by SoCal natural gas prices).
5. Monthly market-implied heat rates are held constant in all years.
6. Forecast southern California prices are benchmarked against other market price forecasts.

Based on the methodology detailed above, southern California wholesale market prices are projected to escalate annually at an average rate of 3.9 percent over 2017 through 2036.

Exhibit 16 shows the forecast southern California natural gas prices.

Exhibit 16
Forecast SoCal Natural Gas Price (\$/MMBtu)

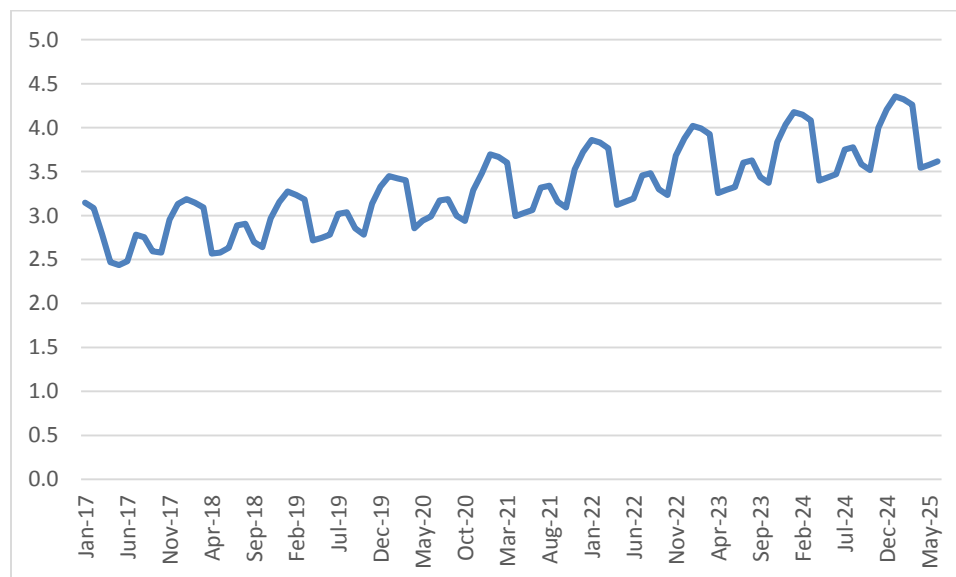
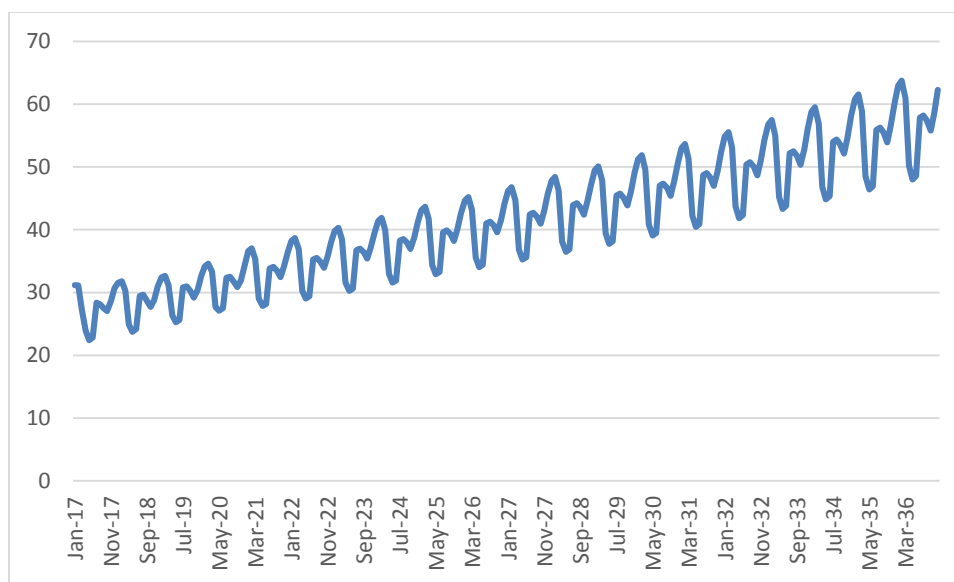


Exhibit 17 shows the resulting monthly southern California wholesale electric market price forecast. The levelized value of market prices over the study period is \$39.5/MWh (2016 \$) assuming a 4 percent discount rate.

Exhibit 17
Forecast Southern California Wholesale Market Prices (\$/MWh)



Wholesale power prices have been used to calculate balancing market purchases and sales. When LACCE's loads are greater than its resource capabilities, LACCE's scheduling agent will schedule balancing purchases and LACCE will incur balancing market purchase costs. When LACCE's loads are less than its resource capabilities, LACCE's scheduling agent will transact balancing sales and LACCE will receive market sales revenue. Balancing market purchases and sales can be transacted on a monthly, daily and hourly pre-schedule basis.

Renewable Energy

The wholesale market prices shown above are for "brown" power (i.e., this product does not come with any renewable energy credit (REC) attributes). The costs of renewable resources vary greatly. Wind and solar levelized project costs vary from \$35 to \$60/MWh. Geothermal project costs can vary from \$70 to \$100/MWh. The availability of off-shore wind and ocean power in the marketplace is fairly minimal and, as such, these resources were not included in the assessment of renewable energy market prices.

Based on a survey of renewable resources currently in operation and new projects coming on-line, a base case renewable energy market price of \$42/MWh has been determined. Renewable energy prices may increase in the future as the demand for renewable energy increases due to California's RPS. However, renewable prices are being driven down by solar project costs which have declined sharply over the past few years and are expected to continue to decrease over the next 10 to 20

years. Again, the renewable energy prices have been independently confirmed by current market tenders in southern California.

Projected power costs in this Plan are calculated using the base case renewable energy market price of \$42/MWh. The amount of renewable energy purchased will be assumed to be equal to the RPS requirements in the base case. A higher case of 50 and 100 percent renewable energy will also be considered later in this Plan. In the “100 percent renewables” case the renewable energy market price was increased to \$52/MWh. The \$42/MWh price was based on an assumption that renewable purchases would be served almost exclusively with the output from solar projects. In the “100 percent renewables” case a higher price was assumed in recognition that a more diverse, and therefore more expensive, renewable energy portfolio would be needed. As such, the \$52/MWh is a blend of projected solar, geothermal and wind project costs. This is a conservative assumption as 100 percent solar power procurement is likely an achievable objective for LACCE.

Renewable Energy Credits (RECs)

As noted earlier, California load serving entities must purchase renewable energy or attributes that meet certain eligibility requirements across three categories or buckets. Each of the buckets represents a different type of renewable energy and can be used to meet a specific percent of the total. The shares of each bucket also changes over time. The three buckets and the type of energy included in each bucket can be summarized as follows:

- Bucket 1: In-state renewable generation
- Bucket 2: Firmed and shaped renewable energy products from a generator that has its first point of interconnection with a California Balancing Authority (such as the CAISO)
- Bucket 3: Energy is not included with the RECs (also known as unbundled RECs)

Under the current guidelines, the amount of RECs procured through Buckets 1 and 2 is limited and decreases over time. Historically, the first bucket has been the most expensive type of energy to purchase and load serving entities were only procuring the minimum they need to meet the RPS requirement. However, with the decrease in solar project costs, Bucket 1 has become relatively less expensive (compared to Buckets 2 and 3).

RECs are not viewed as good for the development of new projects. In addition, the REC market is not as liquid as it once was. For the Plan’s base case, unbundled REC prices are assumed to increase from \$10/REC in 2017 to \$20 in 2036 (3.7 percent annual escalation). Due to the decline in solar project costs (to near \$40/MWh), the cost of unbundled RECs to meet RPS requirements and wholesale market purchases to meet load are negligible. Due to this shift in market dynamics, Bucket 3 RECs are no longer the least expensive option (as they were historically).

The Plan assumes that LACCE will not rely on REC purchases to meet RPS requirements. The REC market can, however, be used to balance RPS requirements with renewable energy acquisitions. If LACCE is short of RECs in a given compliance year, RECs could be purchased to meet the requirements. If the CCE is long on RECs in a given compliance year, surplus RECs could be sold.

Transmission

LACCE will pay the CAISO for transmission congestion and ancillary services. Transmission congestion occurs when there is insufficient capacity to meet the demands of all transmission customers. Congestion refers to a shortage of transmission capacity to supply a waiting market, and is marked by systems running at full capacity and still being unable to serve the needs of all customers. The transmission system is not allowed to run above its rated capacities. Congestion is managed by the CAISO by charging congestion charges in the day-ahead market. Congestion charges can be managed through the use of Congestion Revenue Rights (CRR). CRRs are financial instruments made available through a CRR allocation, a CRR auction, and a secondary registration system. CRR holders manage variability in congestion costs. The CCE's congestion charges will depend on the transmission paths used to bring resources to load. As such, the location of generating resources used to serve LACCE load will impact these congestion costs.

The Grid Management Charge (GMC) is the vehicle through which the CAISO recovers its administrative and capital costs from the entities that utilize the CAISO's services. LACCE's Grid Management Charges are expected to near \$0.5/MWh.

The CAISO performs annual studies to identify the minimum local resource capacity required in each local area to meet established reliability criteria. Load serving entities receive a proportional allocation of the minimum required local resource capacity by transmission access charge area, and submit resource adequacy plans to show that they have procured the necessary capacity. Depending on these results of the annual studies, there may be costs associated with local capacity requirements for LACCE.

Because generation is delivered as it is produced and, particularly with respect to renewables can be intermittent, deliveries need to be firmed using ancillary services to meet LACCE's load requirements. Ancillary services will need to be purchased from the CAISO. Regulation and operating reserves are described below.

- *Regulation Service:* Regulation service is necessary to provide for the continuous balancing of resources with load and for maintaining scheduled interconnection frequency at 60 cycles per second (60 Hertz). Regulation and frequency response service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load.
- *Operating Reserves - Spinning Reserve Service:* Spinning reserve service is needed to serve load immediately in the event of a system contingency. Spinning reserve service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service.
- *Operating Reserves – Non-Spinning Reserve Service:* Non-spinning reserve service is available within a short period of time to serve load in the event of a system contingency. Non-spinning reserve service may be provided by generating units that are on-line but not providing power, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service.

Based on a survey of ancillary service costs currently paid by CAISO participants, LACCE's ancillary service costs are estimated to be near \$5/MWh. The Plan's base case will assume the CCE's ancillary service costs are \$5/MWh in 2017, escalating by 1.5 percent annually thereafter. Serving a greater percentage of load with renewables will likely result in increased grid congestion and higher ancillary service costs. For this reason, the ancillary service costs have been increased in the 50 percent and 100 percent renewables cases included in this Plan. For the 50 percent renewables case, ancillary service costs are assumed to be \$5.5/MWh in 2017, escalating by 1.5 percent. For the 100 percent renewables case, ancillary service costs are assumed to be \$8/MWh in 2017, escalating by 2.5 percent.

Power Management/Scheduling Agent

Given the likely complexity of LACCE's resource portfolio, LACCE will want to rely on a reputable scheduling agent to economically manage LACCE's power purchases and wholesale market transactions. LACCE's resource portfolio will ultimately include market purchases, shares of some relatively large power supply projects, as well as shares of smaller, most likely renewable, resources with intermittent output. Managing a diverse resource portfolio with metered loads that will be heavily influenced by distributed generation will be one of the most important functions of LACCE. As such, LACCE needs a dependable, established scheduling agent with a proven track record in the industry. LACCE's scheduling agent will be one of its most important business partners.

LACCE should initially contract with a third party with the necessary experience (and balance sheet) to perform most of LACCE's portfolio operation requirements. This will include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. Portfolio operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of LACCE customers.
- *Risk Management* – standard industry risk management techniques will be employed to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop accurate load forecasts, both long term for resource planning, and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

LACCE should approve and adopt a set of protocols that will serve as the risk management tools for LACCE and any third party involved in LACCE portfolio operations. Protocols will define risk management policies and procedures, and a process for ensuring compliance throughout the organization. During the initial start-up period, the chosen full requirements electric suppliers will bear the majority of risks and be responsible for their management. Development of protocols can

take place during the first few months of LACCE operations to cover electricity procurement activities.

A scheduling agent provides day-ahead and real-time power and transmission scheduling services. Scheduling agents bear the responsibility for accurate and timely load forecasting and resource scheduling including wholesale power purchases and sales required to maintain hourly load/resource balances. A scheduling agent needs to provide the marketing expertise and analytical tools required to optimally dispatch LACCE's surplus resources on a monthly, daily and hourly basis.

Inside each hour, the CAISO Energy Imbalance Market (EIM) takes over load/resource balancing duties. The EIM automatically balances loads and resources every fifteen minutes and dispatches the least-cost resources every 5-minutes. The EIM allows balancing authorities to share reserves, and more reliably and efficiently integrate renewable resources across a larger geographic region.

Within an hour, metered energy (i.e. actual usage) may differ from supplied power due to hourly variations in resource output or unexpected load deviations. Deviations between metered energy and supplied power are accounted for by the EIM. The imbalance market is used to resolve imbalances between supply and demand. The EIM deals only with energy, not ancillary services or reserves (which are addressed in the next section).

The EIM optimally dispatches participating resources to maintain load/resource balance in real-time. The EIM uses the CAISO's real-time market which uses Security Constrained Economic Dispatch (SCED). SCED finds the lowest cost generation to serve the load taking into account operational constraints such as limits on generators or transmission facilities. The five-minute market automatically procures generation needed to meet future imbalances. The purpose of the five-minute market is to meet the very short term load forecast. Dispatch instructions are effectuated through the Automated Dispatch System (ADS).

The CAISO is the market operator that runs and settles EIM transactions. LACCE's scheduling agent will submit LACCE's load and resource information to the market operator. EIM processes are running continuously for every fifteen-minute and five-minute intervals, producing dispatch instructions and prices.

Participating resource scheduling coordinators submit energy bids to let the market operator know that they are available to participate in the real-time market to help resolve energy imbalances. Resource schedulers may also submit an energy bid to declare that resources will increase or decrease generation if a certain price is struck. An energy bid is comprised of a megawatt value and a price. For every increase in megawatt level, the settlement price also increases.

The CAISO calculates financial settlements based on the difference between schedules and actual meter data, and bid prices during each hour. Locational Marginal Prices (LMP) are used in settlement calculations. The LMP is the price of a unit of energy at a particular location at a given time. LMPs are influenced by nearby generation, load level, and transmission constraints and losses.

LACCE's scheduling agent will need to forecast LACCE's hourly loads as well as LACCE's hourly resources including shares of any hydro, wind, solar and other resources in which LACCE is a

participant/purchaser. Forecasting the output of hydro, wind and solar projects involves more variables than forecasting loads. Scheduling agents already have models set up to forecast accurately hourly hydro, wind and solar generation. Accurate load and resource forecasting will be a key element in assuring LACCE's power supply costs are minimized.

A scheduling agent also needs to provide monthly checkout and after-the-fact reconciliation services. This requires scheduling agents to agree on the amount of energy purchased and/or sold and the purchase costs and/or sales revenue associated with each counterparty with which LACCE transacted in a given month.

Based on conversations with scheduling agents currently working the CAISO footprint, the estimated cost of scheduling services is in the \$1 to \$2/MWh range. For the base case, the Plan has assumed a cost of \$1.5/MWh or \$2.4 million in 2017 after Phase 2 is operational and escalating at 2.5 percent annually.

Resource Portfolios

In order to develop pricing options for LACCE customers and evaluate the impact of varying levels of renewable resources in LACCE's portfolios, three resource portfolios were developed: RPS Portfolio, 50 percent renewable portfolio and 100 percent renewable portfolio.

Resource Options

For each of the resource portfolios, a combination of resources has been assumed in order to meet the renewable target, resource adequacy targets, and ancillary and balancing requirements.

Exhibit 18 shows the 20-year levelized resource costs included in this Plan.

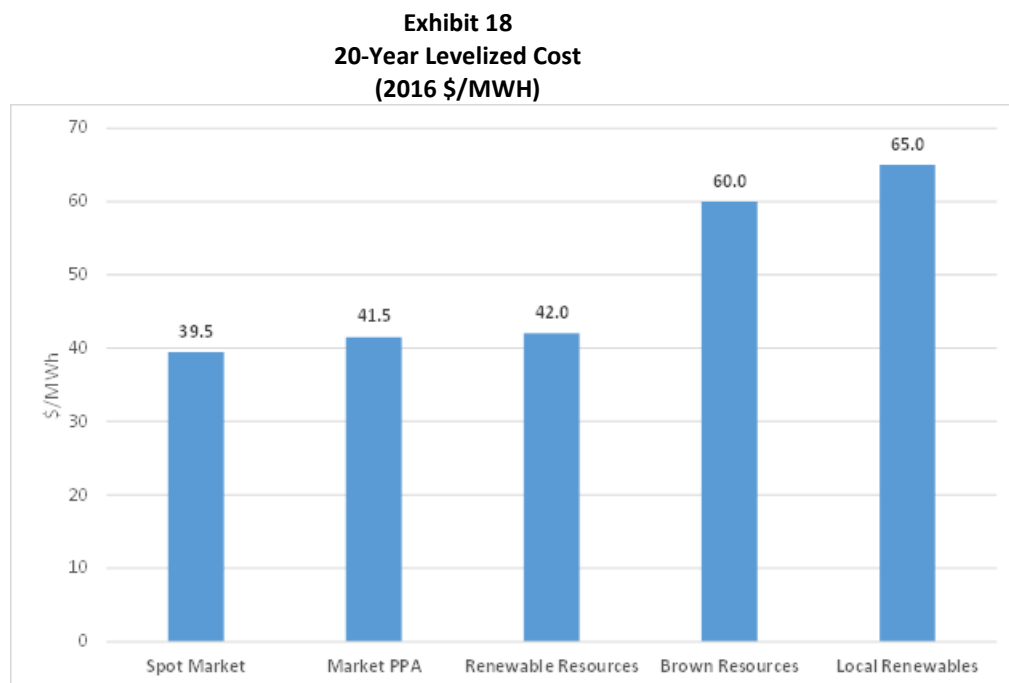


Exhibit 18 above includes both spot market and market PPA costs. It is assumed that these costs are primarily for natural gas resources although the specific resource source cannot be determined from a spot market purchase. Market PPA costs are slightly greater than spot market costs in recognition of the cost of the PPA supplier absorbing the market price risk associated with providing a long-term PPA contract price.

The capacity factor for market PPA purchases is assumed to be 100 percent (flat monthly blocks of power). The capacity factor for renewable resources and local renewables is assumed to be 33 percent. The capacity factor for non-renewable resources is assumed to be 80 percent. As noted above, the cost of renewable resources was increased from \$42/MWh to \$52/MWh in the 100 percent renewables case in recognition of the need for a more diverse mix of renewable resources. Again, this higher price may be mitigated if large solar projects continue to be pursued in California.

As shown above, the base case 20-year levelized cost of renewable resources is comparable to the 20-year levelized cost of market purchases. The cost of solar projects has declined significantly over the past few years. The \$42/MWh projection is based on the cost of relatively new solar projects that reflect the decreased costs, on a \$/watt basis, of solar projects and the extension of the Federal production tax credit. The \$/watt is expected to continue to decrease in future years. As such, the cost of the output of solar projects is expected to continue to decrease.

On a \$/watt basis, the cost of smaller scale solar projects is greater than the cost of large scale solar projects. The \$65/MWh cost associated with local renewables reflects this trend. The advantage of local renewable projects is lower transmission costs and less stress on the congested transmission grid.

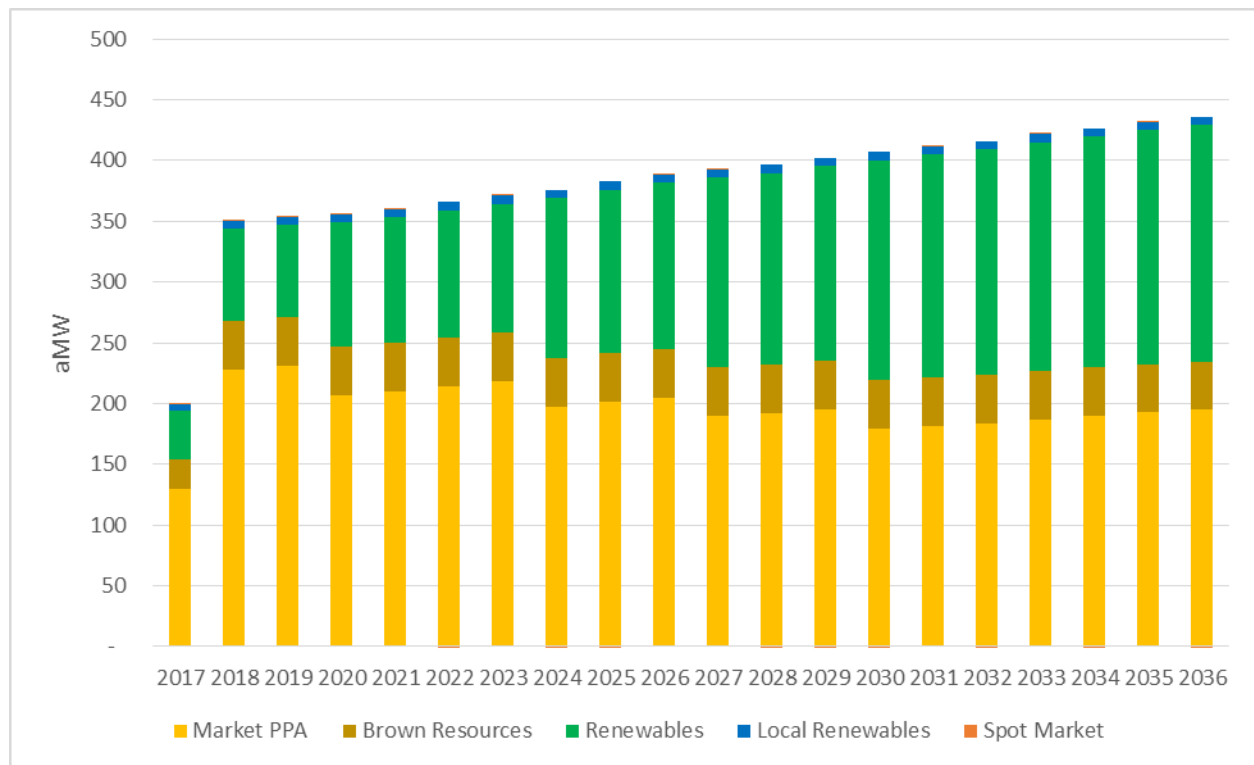
Portfolio 1: Meet Current RPS Requirements (Baseline Portfolio, similar to current SCE resource mix)

In the first portfolio, LACCE will meet the State RPS requirements shown below:

- 2017-19: 25 percent
- 2020-23: 33 percent
- 2024-26: 40 percent
- 2027-29: 45 percent
- 2030 - 50 percent

As shown above, due to the decrease in the cost of solar projects, the projected cost of renewables is only slightly greater than the cost of market power and less than the cost of greenfield brown resources (e.g. natural gas fired generation). Exhibit 19 shows the power supply portfolio used to serve load in Portfolio 1.

Exhibit 19
Portfolio 1: Meet RPS Requirements

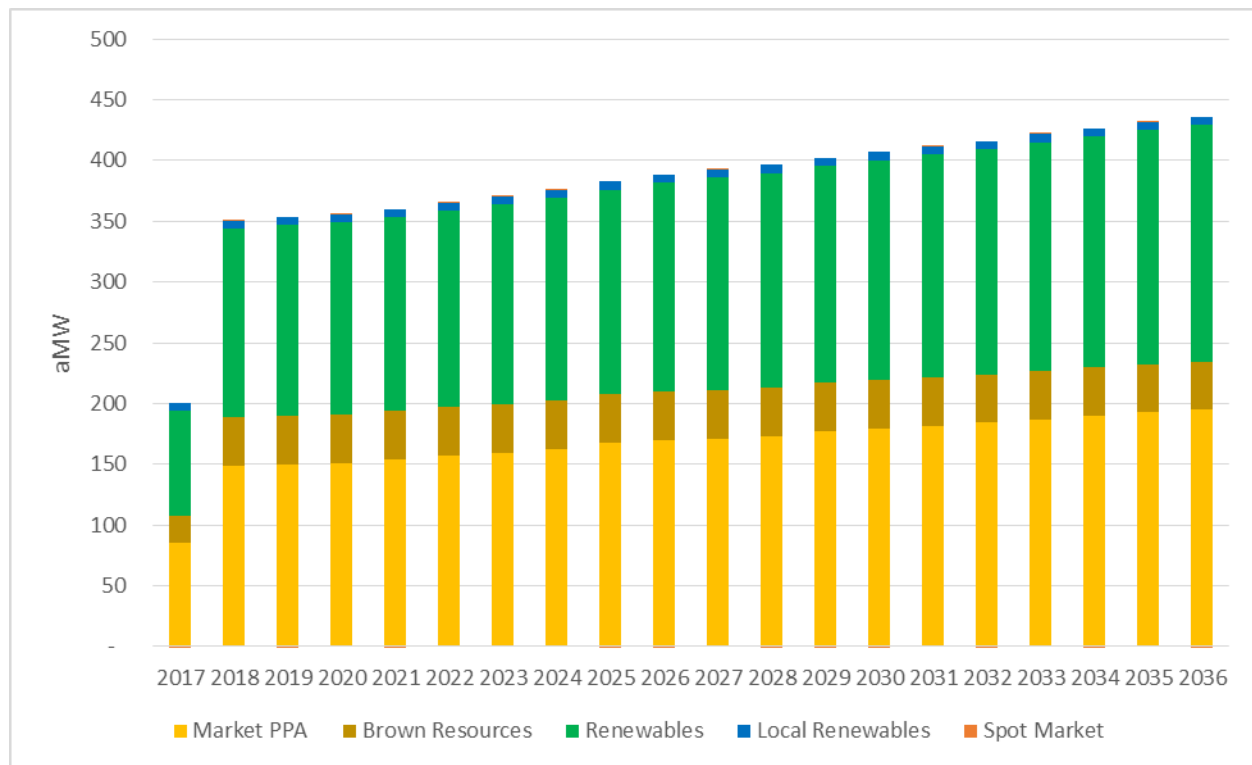


The green bars increase each year along with California's RPS requirements. The costs associated with this portfolio could be reduced if it was assumed that more power was purchased from market PPAs instead of brown resources. The percent of non-renewable energy purchased via market PPAs, as opposed to brown resources, is the same in each of the three portfolios.

Portfolio 2: Serve 50% of Retail Load with Renewables Starting on Day 1

In this portfolio, the 50 percent renewable energy purchase requirement in the RPS is effectively moved up from 2030 to January 1, 2017. The amount of power purchased from the relatively expensive (\$65/MWh 20-year levelized cost) local renewables is held constant at 20 MW with a 33 percent capacity factor in each of the three portfolios. As shown below in Exhibit 20 the green bars showing renewable energy purchases in 2017 through 2029 increased compared to those shown above in Exhibit 19.

Exhibit 20
Portfolio 2: Serve 50% of Retail Load with Renewables

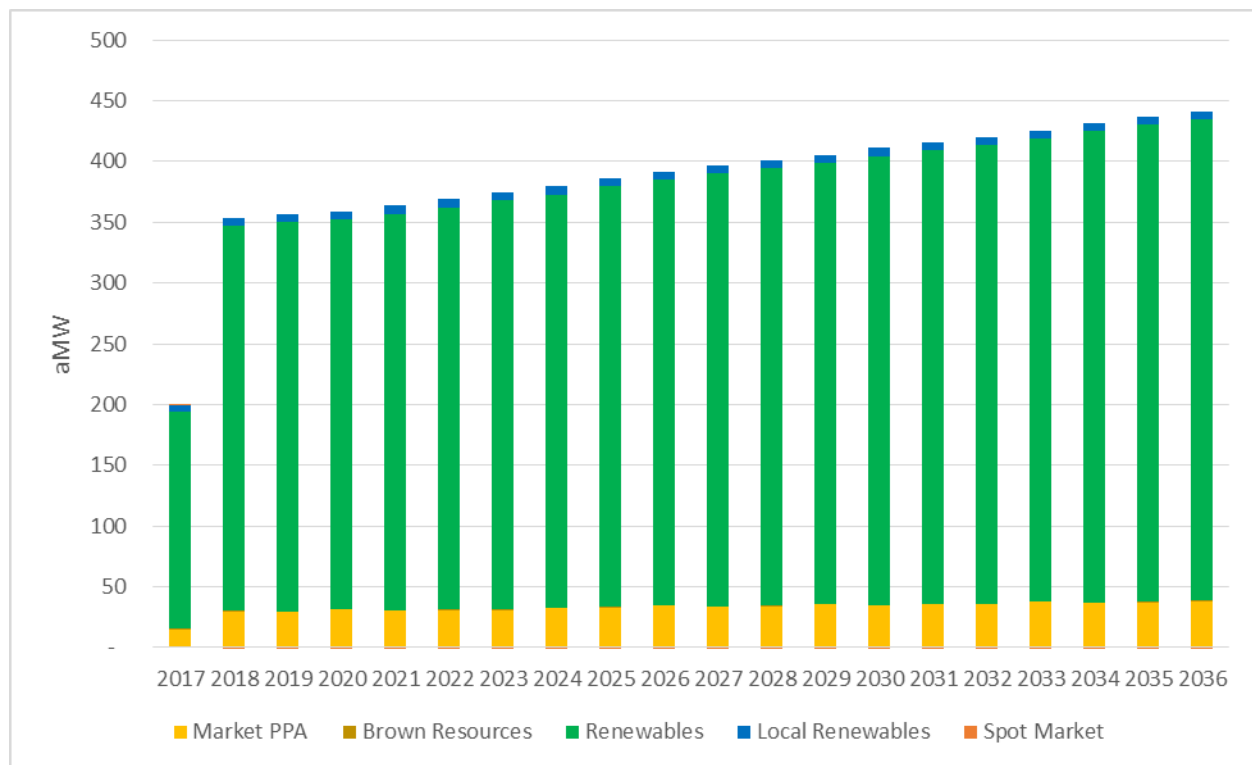


The percentage of non-renewable energy purchased from the more expensive brown resources is approximately the same as Portfolio 1. In all three portfolios, approximately 15 percent of non-renewable energy is purchased from brown resources, which has a base case 20-year levelized cost of \$60/MWh. In all three portfolios, 85 percent of non-renewable energy is purchased at the lower \$41.5/MWh levelized cost associated with market PPA purchases.

Portfolio 3: Serve 100% of Retail Load with Renewables Starting on Day 1

In this portfolio retail loads are served entirely with renewable energy purchases. It is also assumed that 50 MW of local renewable energy projects will be pursued in Phase 3. Exhibit 21 below shows the resource mix used to serve load in Portfolio 3.

Exhibit 21
Portfolio 3: Serve 100% of Retail Load with Renewables



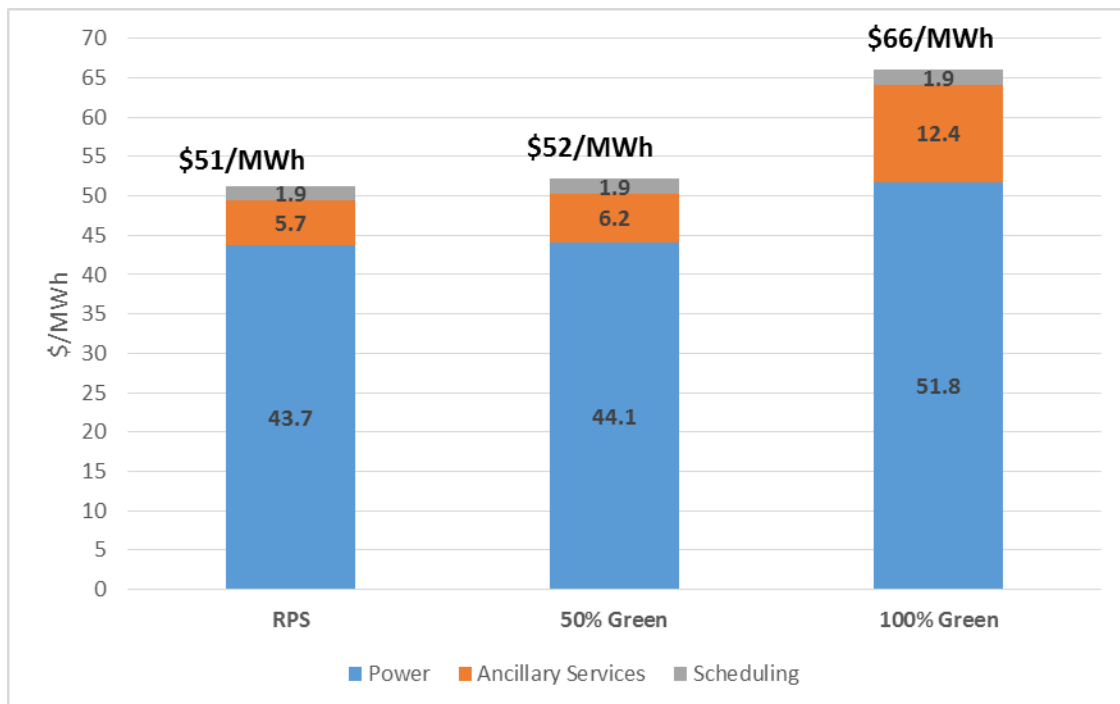
There is a small amount of market PPA and brown resource power included in Portfolio 3 due to distribution and transmission system losses and balancing requirements. The renewable energy requirements in the State's RPS are based on retail energy sales. To be consistent, it was assumed that the 100 percent renewable energy target would only apply to retail energy sales. The same concept applies to Portfolios 1 and 2. For example, renewable energy purchases in Portfolio 2 are equal to 50 percent of projected retail energy sales in all years.

Non-renewable resources will be needed in Portfolio 3 to serve load during hours when renewable resources are not capable of generating power (e.g. when the wind is not blowing or the sun is not shining). Purchasing an amount of renewable generation that is equal to 100 percent of LACCE's retail load will likely result in over-supply in on-peak hours when solar projects are generating power and under-supply in off-peak hours when solar projects are not generating. As such, on-peak energy may need to be exchanged for off-peak energy. The cost of exchanging or firming some of the solar generation into off-peak blocks of energy is reflected in higher ancillary service costs in Portfolio 3.

20-Year Levelized Portfolio Costs

The 20-year levelized costs have been calculated based on the base case assumptions detailed above regarding resource costs and resource compositions under the three portfolios. Exhibit 22 shows a breakdown of power, ancillary service and scheduling costs associated with each portfolio.

Exhibit 22
20-year Levelized Base Case Portfolio Costs (\$/MWh)



As shown above in Portfolios 1 and 2, power costs are fairly similar across the three portfolios. There is not a large variance in power costs in these two portfolios because the majority of power is supplied by market PPA and renewable energy purchases in each portfolio. The projected costs of renewable energy and market PPA purchases are very close. Exhibit 18 shows that at \$42/MWh the projected 20-year levelized cost of renewables is only \$0.5/MWh greater than the projected 20-year levelized cost of market PPA purchases at \$41.5/MWh.

Total costs under Portfolio 3 are approximately \$15/MWh greater than Portfolios 1 and 2. The costs of renewables have been assumed to be \$10/MWh greater in Portfolio 3 than in Portfolios 1 and 2 in recognition of the need for a more diverse mix of renewable resources. This translates into greater power costs (the blue bar) for Portfolio 3.

Each portfolio assumes that 15 percent of non-renewable energy is purchased from brown, natural gas-fired resources with a projected 20-year levelized cost of \$66/MWh. However, since more non-renewable energy is purchased in Portfolio 1 it has the highest percentage of brown resource purchases. In Portfolio 1, 9 percent of power purchases are brown resource purchases, compared to 8 percent in Portfolio 2 and 1 percent in Portfolio 3.

LACCE Cost of Service

This section of the Plan describes the financial pro forma analysis and cost of service for LACCE. It includes estimates of start-up costs, staffing and administrative costs, consultant costs, power supply costs, and SCE charges. In addition, it provides an estimate of start-up working capital and longer-term financial needs.

Cost of Service for LACCE Operations

The first category of the pro forma analysis is the cost of service for LACCE operations. To estimate the overall costs associated with LACCE operations, the following components have been included:

- Power Supply Costs
- Non-Power Supply Costs
 - Start-up costs
 - LACCE staffing and administration costs
 - Consulting Support
 - SCE and regulatory charges
 - Financing costs
- Pass-Through Charges from SCE
 - Transmission and distribution charges
 - Power Cost Indifference Adjustment (PCIA) Charge
 - Other non-bypassable charges

Once the costs of LACCE operations have been determined, the total costs can be used to develop LACCE rates to be compared to SCE's projected rates.

Power Supply Costs

A key element of the cost of service analysis is the assumption that electricity will be procured under a power purchase arrangement (PPA) for both renewable and non-renewable power until local LACCE resources can be developed. Power supply must be obtained by LACCE's procurement contractor prior to commencing operations. The products required from the third party procurement are energy, capacity, renewable energy, load forecasting and scheduling coordination.

The calculated starting cost of electric power supply, including the cost of the scheduling coordinator and all regulatory power requirements, is between \$43 and \$62 per MWh. This price represents the price needed for a full requirements electricity contract. The variation in price is a function of the desired level of renewable resources.

Non-Power Supply Costs

While power supply costs make up the majority of costs associated with operating LACCE (roughly 80 percent), there are several additional cost components that must be considered in the pro forma financial analysis. These additional non-power supply costs are noted below. This calculation assumed LACCE non-power supply costs began accumulating in June of 2016.

Startup Activities and Costs

Monthly costs associated with LACCE start-up and phasing of customer enrollments include expenditures for program staff/contract staff, associated infrastructure, contractor costs and fees payable to SCE by LACCE. The estimated startup costs include capital expenditures and one-time expenses as well as ongoing expenses that will be accrued before significant revenues from LACCE operations are realized. These cost components are quantified in Exhibit 23 and Exhibit 24 below.

Exhibit 23 Monthly Start-Up Cost Summary							
	Pre-Start						
	June	July	Aug	Sept	Oct	Nov	Dec
Start-Up Costs							
Infrastructure	\$0	\$0	\$45,000	\$35,000	\$25,000	\$25,000	\$25,000
Consultants	\$70,000	\$100,000	\$120,000	\$120,000	\$120,000	\$130,000	\$130,000
Staffing	\$0	\$0	\$45,000	\$55,000	\$55,000	\$55,000	\$55,000
Utility Trans. Fee	\$0	\$0	\$0	\$780	\$0	\$0	\$2,938
Total Start-Up	\$70,000	\$100,000	\$210,000	\$210,780	\$200,000	\$210,000	\$212,938

Exhibit 24 Start-Up Costs Summarized by Phase			
		Phase 1	Phase 2
	Total Pre-Start Costs	2017	2018
Start-Up Costs			
Infrastructure	\$155,000	\$160,000	\$230,000
Consultants	\$790,000	\$715,000	\$715,000
Staffing	\$265,000	\$380,000	\$1,215,000
Utility Trans. Fee	\$3,718	\$1,132,892	\$230,000
Total Start-Up	\$1,213,718	\$2,387,892	\$2,390,000

Other costs related to starting up LACCE's program will be the responsibility of LACCE's contractors. These include capital requirements paid by others, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs. The costs payable by LACCE are contained in Exhibit 24.

Estimated Staffing Costs

Staffing is a key component of the start-up. Staff will be added incrementally to match workloads involved in forming LACCE, managing contracts, and initiating customer outreach/marketing during the pre-operations period.

Exhibit 25 provides the estimated staffing budgets for the startup period (Phase 1 and Phase 2 of LACCE implementation). Staffing budgets include direct salaries and benefits. For start-up, it is

anticipated that LACCE will employ one assistant Executive Director and one manager of policy and regulatory affairs. The remaining functions will be performed by consultants. Exhibit 25 details the anticipated staffing of LACCE.

Exhibit 25 Staffing Plan			
Number of Staff	Pre Start-Up	2017	2018
Executive Director	0	1	1
Assistant Executive Director	1	1	1
<u>Legal</u> , Policy & Regulatory Manager	1	1	1
Regulatory Analyst	0	1	1
Administrative Assistant	0	1	1
Finance & Rates Manager	0	1	1
Rates Analyst	0	1	1
Accounting & Billing Analyst	0	1	1
Human Resources Manager	0	1	1
HR Specialist	0	1	1
Sales & Marketing Manager	0	1	1
Energy Efficiency Program Manager	0	0	1
Account Representatives	0	0	1
Communication Specialists	0	0	1
IT Manager	0	1	1
IT Specialist	0	0	1
Total Number of Employees	2	12	17
Total Staffing Costs	\$45,000*	\$1,595,000	\$3,396,600

*Represents only partial year.

Based on this staffing plan, LACCE will initially employ 2 staff members. Once LACCE has expanded its service area to the unincorporated County and operated for one year, it is anticipated that staffing will increase to approximately 17 employees. These positions to be hired by LACCE over the first two years are described below:

Executive Director

The Executive Director will be responsible for overseeing LACCE operation and ensuring that the vision of the JPA Board is followed. The Executive Director will ultimately be responsible for all LACCE programs, finances and communication programs plus be accountable to the Board.

Assistant Executive Director

The Assistant Executive Director will oversee the day to day operation of LACCE. In particular, this staff position will work closely with outside consultants, and oversee hedging and power procurement, resource portfolio strategy, CAISO settlements and other financial planning and rate setting analysis. Behind the meter LACCE programs will also be coordinated through this position.

Policy and Regulatory Manager

The Policy and Regulatory Manager will oversee the legal and regulatory functions of LACCE. This position will work closely with the CPUC and State/Federal legislators. LACCE will require ongoing regulatory representation to file resource plans, resource adequacy compliance, compliance with

California RPS, and overall representation on issues that will impact LACCE and its customers. LACCE will maintain an active role at the CPUC, CEC, FERC and the California legislature.

Finance and Rates Manager

The Finance and Rates Manager oversees LACCE's budgets and accounting functions. In addition, this person will develop annual budgets, rates and credit policies for approval by the Board. Managing the overall financial aspects of LACCE is expected to be a significant work activity.

Sales and Marketing Manager

The Sales and Marketing Manager is responsible for the enrollment and notification of new customers. In addition, this staff person will market LACCE, and provide on-going communication with LACCE's communities and customers. A significant amount of customer service and key account representation will be necessary in addition to regular marketing services. This position will be the point person for the outsourced data management and customer service consultants.

Administrative Assistance

The staffing plan assumes a full-time administrative assistance will be added during the pilot phase to provide administrative assistance to management.

Future Staff

As additional customers join LACCE, duties can be shifted from third-party consultants to in-house staff if internal staffing is more cost effective.

Estimated Infrastructure Costs

Infrastructure or overhead needed to support the organization includes computers and other equipment, office furnishings, office space and utilities. These expenses are estimated at \$155,000 during program pre-startup. Office space and utilities are ongoing monthly expenses that will begin to accrue before revenues from program operations commence and are therefore assumed to be financed as shown in Exhibit 26 and Exhibit 27.

Exhibit 26							
Monthly Estimated Infrastructure Costs							
	Pre-Start						
	June	July	Aug	Sept	Oct	Nov	Dec
Infrastructure Costs							
Computers	\$0	\$0	\$10,000	\$5,000	\$0	\$0	\$0
Furnishings	\$0	\$0	\$10,000	\$5,000	\$0	\$0	\$0
Office Space	\$0	\$0	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Utilities/Other							
Office Supplies	\$0	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total Start-Up	\$0	\$0	\$45,000	\$35,000	\$25,000	\$25,000	\$25,000

Exhibit 27 Estimated Infrastructure Cost by Phase			
		Phase 1	Phase 2
	Total Pre-Start Costs	2017	2018
Infrastructure Costs			
Computers	\$15,000	\$5,000	\$40,000
Furnishings	\$15,000	\$5,000	\$40,000
Office Space	\$75,000	\$90,000	\$90,000
Utilities/Other Office Supplies	\$50,000	\$60,000	\$60,000
Total Infrastructure Costs	\$155,000	\$160,000	\$230,000

It is estimated that the per employee start-up cost is approximately \$10,000. This expense covers computer and furniture needs. An additional annual expense of \$180,000 for office space, and approximately \$120,000 per year in office supplies and utilities costs is expected.

Utility Implementation and Transaction Charges

The estimated costs payable to SCE for services related to LACCE start-up include costs associated with initiating service with SCE, processing of customer opt-out notices, customer enrollment, post enrollment opt-out processing, and billing fees. These distribution utilities fees are explicitly stated in the relevant SCE tariffs.

Customers who establish service with LACCE will be automatically enrolled in the program and have sixty days from the date of enrollment to customer opt-out of the program. Such customers will be provided with two opt-out notices within this sixty-day post enrollment period. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. As required by CPUC regulations, LACCE will use SCE's opt-out processing service. Following automatic enrollment, two additional opt-out notices will be provided within the sixty-day period following customer enrollment. It is estimated that the charges for the opt-out notices will be approximately \$10,000 for 2016 and \$3.1 million for 2017, as shown in Exhibit 28 and Exhibit 29.

Exhibit 28 Monthly Utility Transaction Fees							
	Pre-Start						
	June	July	Aug	Sept	Oct	Nov	Dec
Enrollment Charges	\$0	\$0	\$780	\$0	\$0	\$2,938	\$6,203
Ongoing Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total SCE Transaction Fee	\$0	\$0	\$780	\$0	\$0	\$2,938	\$6,203

Exhibit 29 Utility Transaction Fees by Phase			
		Phase 1	Phase 2
	Total Pre-Start Costs	2017	2018
Enrollment Charges	\$9,921	\$1,128,588	\$1,212,268
Ongoing Charges	0	4,305	779,791
Total SCE Transaction Fees	\$9,921	\$1,132,892	\$1,992,059

Estimates of Third Party Consultant Costs

Contractor costs include outside assistance for advertising, legal services, resource and financial planning, implementation support, customer enrollment, customer service, and payment processing/accounts receivable and verification. The latter three will be provided by LACCE's customer account services provider, and these preliminary estimates will be refined as the services and costs provided by the selected contractor are negotiated. Exhibit 30 and Exhibit 31 show the estimated contractor costs during the startup period.

Exhibit 30							
Monthly Estimated Consultant Costs							
	Pre-Start						
	June	July	Aug	Sept	Oct	Nov	Dec
Legal/Regulatory	\$20,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Communication	\$0	\$0	\$0	\$0	\$0	\$10,000	\$10,000
Data Management	\$0	\$0	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Financial Consulting	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Consultant Costs	\$70,000	\$100,000	\$120,000	\$120,000	\$120,000	\$130,000	\$130,000

Exhibit 31			
Estimated Consultant Costs by Phase			
		Phase 1	Phase 2
	Total Pre-Start Costs	2017	2018
Legal/Regulatory	\$320,000	\$250,000	\$250,000
Communication	\$20,000	\$200,000	\$200,000
Data Management	\$100,000	\$12,960	\$2,377,248
Financial Consulting	\$350,000	\$265,000	\$265,000
Total Consultant Costs	\$790,000	\$727,960	\$3,092,248

The estimate for each of the services is based on costs experienced by other CCEs.

Cash Flow Analysis and Working Capital

This cash flow analysis estimates the level of working capital that will be required until full operation of LACCE is achieved. For the purposes of this analysis, it is assumed that LACCE pre-operations begin in June 2016 and continue through the end of 2016. In general, the components of the cash flow analysis can be summarized into two distinct categories: (1) Cost of LACCE operations, and (2) Revenues from LACCE operations. The cash flow analysis identifies and provides monthly estimates for each of these two categories. A key aspect of the cash flow analysis is to focus primarily on the monthly costs and revenues associated with LACCE and specifically account for the transition or "Phase-In" of LACCE customers. The cash flow analysis assumes the phase-In schedule for LACCE as described previously.

The cash flow analysis also provides estimates for revenues generated from LACCE operations or from electricity sales to customers. In determining the level of revenues, the cash flow analysis assumes the customer phase-in schedule noted above, and assumes that LACCE provides a discount of 4.0 percent from the existing rates for each customer class, where pre-operations run from June 1, 2016 to December 31, 2016. Thereafter, Phase 1 starts in January 2017 and Phase 2 starts in July 2017.

The results of the cash flow analysis provide an estimate of the level of working capital required for LACCE to move through the pre-operations period. This estimated level of working capital is determined by examining the monthly cumulative net cash flows (revenues minus cost of operations) based on assumptions for payment of costs by LACCE, along with an assumption for when customer payments will be received. The cash flow analysis assumes that customers will make payments within 60 days of the service month, and that LACCE will make payments to suppliers within 30 days of the service month. This analysis is somewhat conservative because customer payments begin to come in soon after the bill is issued, and most are received before the due date. At the same time, some customer payments are received well after the due date. The 30-day net lag is a conservative assumption for cash flow purposes.

For purposes of determining working capital requirements related to power purchases, LACCE will be responsible for providing the working capital needed to support electricity procurement unless the electricity provider can provide the working capital as part of the contract services. In addition, LACCE will be obligated to meet working capital requirements related to program management. For this Plan, it is assumed that this working capital requirement is included in the short term financing associated with start-up funding.

A summary of working capital needs is presented below on Exhibit 32.

Exhibit 32		
Working Capital Needs		
	2016	2017
Working Capital	\$6,500,000	\$42,000,000

Total Financing Requirements

The start-up of the LACCE program will require a significant amount of capital for three major functions: (1) staffing and contractor costs; (2) program initiation; and (3) working capital. Each of these anticipated requirements is discussed below.

Staffing costs for the pre-implementation period (June 2016 through December 2016) are estimated to be approximately \$265,000. Contractor costs for the same time period are estimated to be approximately \$790,000. These costs include: advertising/communications, consulting, legal, and data management.

LACCE initiation costs include the infrastructure that LACCE will require (office space, utilities, computers) as well as the distribution utility fees for initiating LACCE. Infrastructure costs are estimated to be approximately \$155,000 and the distribution utility fees are estimated to be approximately \$1,140,000.

The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to SCE service under certain circumstances. In addition, SCE requires a bond equivalent to two months of transaction fees.

During the start-up and pilot periods, the total financing requirements are estimated to be approximately \$10 million, increasing to approximately \$40 million following enrollment of unincorporated County customers. The first \$10 million is needed in early summer of 2016.

Financing Plan

The initial start-up funding will be provided via short-term financing. LACCE will recover the principal and interest costs associated with the start-up funding via subsequent retail rates. It is anticipated that the start-up costs will be fully recovered within the first two years of LACCE operations.

The anticipated start-up and working capital requirements for LACCE through Phase 1 are approximately \$10 million. Once the LACCE program is up and running, these costs would be recovered through retail rates. Actual recovery of these costs will be dependent on third-party electricity purchase prices and decisions regarding initial rates for Phase 1 customers.

Additional financing will be needed at the beginning of Phase 2. Depending on market conditions and payment terms established with the third-party suppliers, the loan may need to be increased to approximately \$42 million for the start of Phase 2. This number will be refined as the LACCE program becomes operational, and bids are received from power providers.

Appendix B contains a preliminary discussion from Public Financial Management, Inc. (PFM) on the options available to LACCE for funding the first two phases of LACCE operations. Based on this information, the Plan's financial analysis assumes that LACCE can obtain a loan for the first \$10 million with a term of 2 years at a rate of 5.5 percent. The second loan for \$42 million is assumed for a 20-year term at 5.5 percent.

Products, Services, Rates Comparison and Environmental/Economic Impacts

This section of the Plan provides a comparison of service and rates between SCE and LACCE. Rates are evaluated based on total LACCE electric total bundled rates as compared to SCE's total bundled rates. Total bundled electric rates include the rates charged by LACCE, including non-bypassable charges, plus SCE's delivery charges. This section also includes the environmental impacts based on the reduction in Green House Gases (GHG), and the economic development impact on local jobs and overall economic activity created by LACCE programs.

Rates Paid by SCE Bundled Customers

The average customer weighted SCE rates have been calculated based on current rate schedules and LACCE's projected customer mix. SCE's current 2016 rates and surcharges have been applied to customer load data aggregated by major rate schedules to form the basis for the SCE rate forecast.

The average SCE delivery rate, which is paid by both SCE bundled customers and LACCE bundled customers, has been calculated based on the forecasted customer mix for LACCE. For future years, the SCE rate forecast assumes the delivery costs will increase by 2 percent per year, a conservative assumption given the history of SCE rate increases.

Similarly, the current average power supply rate component for SCE bundled customers has been calculated based on the estimated LACCE customer mix. The SCE power supply rate component has been forecast to increase based on SCE's most recent filings and incorporating the increased RPS requirement mandated by SB 350. In the 2015/2016 Energy Resource Recovery Account (ERRA) filing, SCE reduced overall power supply rates due to lower than anticipated fuel and purchase power, over collection in balancing accounts, and adjustment of GHG costs and allowance revenues. Some of these adjustments are one time only and of short duration while others are due to the current energy market in California. For 2017, SCE rates have been normalized to remove the one-time impact of over collection of balancing accounts and other onetime adjustments. Finally, the SCE power supply rates have been projected to increase based on the renewable and non-renewable market price forecast, regulatory requirement for RPS, storage requirement(s) and resource adequacy objectives.

Rates Paid by LACCE Customers

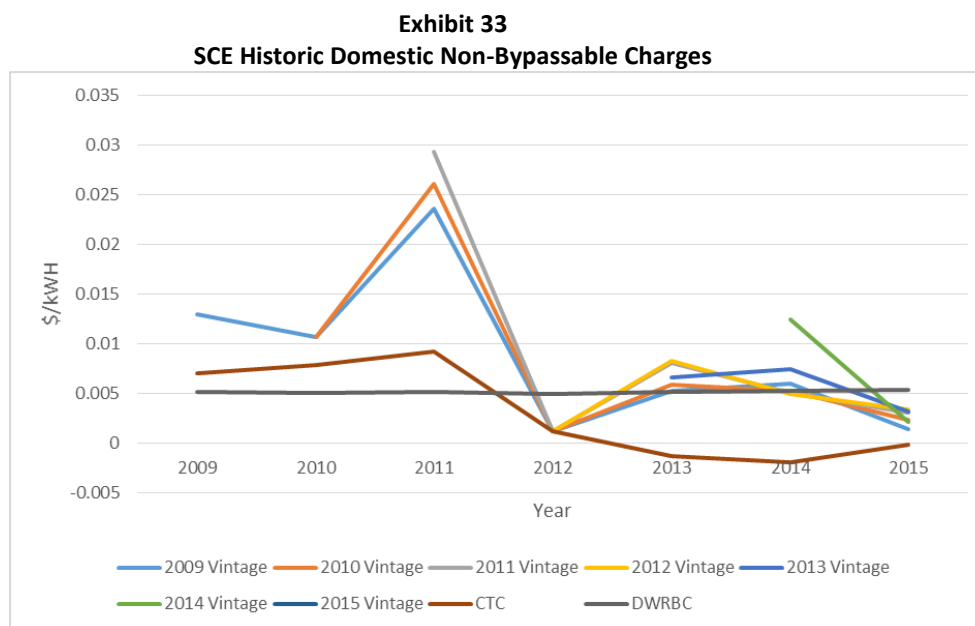
It is anticipated that LACCE's rate designs will initially mirror the structure of SCE's rates so that similar rates can be provided to LACCE's customers. In determining the level of LACCE rates, the financial analysis assumes the customer phase-in schedule noted above and that the implementation phase costs are financed via a start-up loan.

In addition to paying LACCE's power supply rate, LACCE customers will pay the SCE delivery rate and several non-bypassable charges. The calculation of the delivery rate is described earlier. The non-bypassable charges that are payable to SCE by LACCE customers include:

- Power Cost Indifference Adjustment (PCIA)
- Department of Water Resources Bond Charge (DWRBC)
- Competition Transition Charge (CTC)
- Generation Municipal Surcharge (or Franchise Charge)

The DWRBC is the charge to recover the interest and principle of the California Department of Water and Resources (DWR) bonds. The CTC is the ongoing charge which recovers the above market costs of utility generation. The PCIA is a charge that is designed to keep bundled customers indifferent when other customers leave bundled service. The PCIA is calculated annually by subtracting the market price of wholesale power from the incumbent utility's average cost of power supply based on a methodology determined by the CPUC.⁴

Exhibit 33 provides the historic values of the PCIA, CTC and DWRBC for the residential customer class (domestic schedule). It is important to note that the non-bypassable charges differ by the vintage of a CCA. The vintage of the CCA depends on when the CCA provides a binding notice of intent to SCE.



Note that CARE and medical base line customers do not pay the DWRBC or PCIA charges.

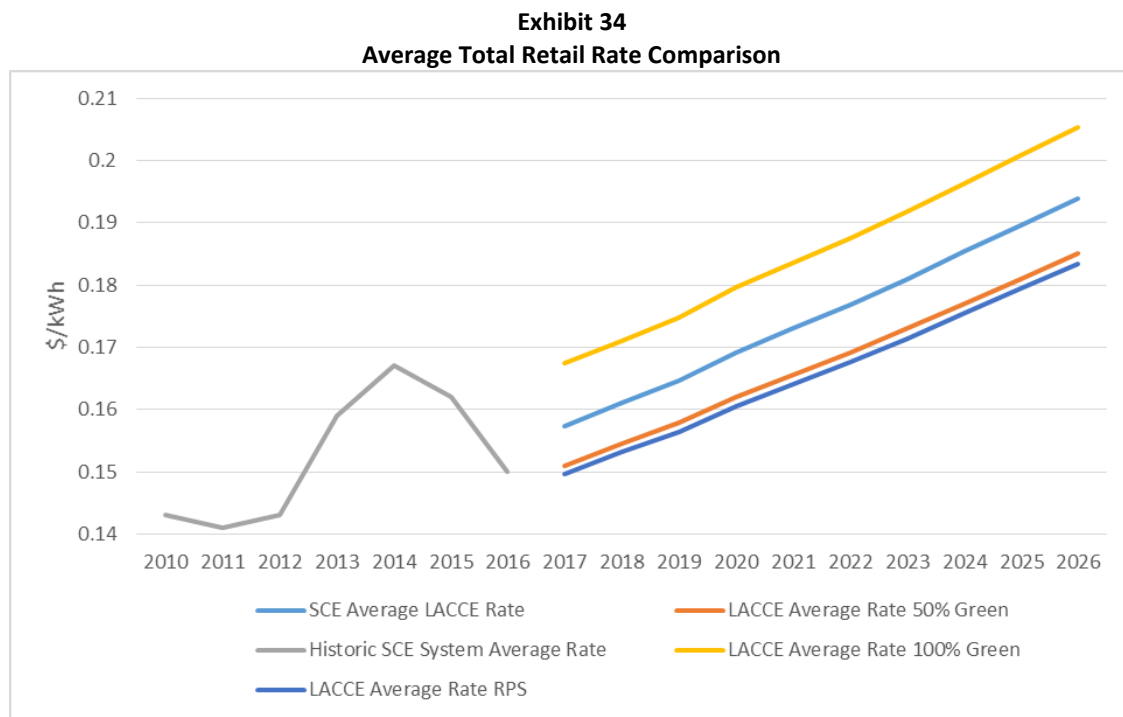
For this Plan, it is assumed in the base case that the PCIA charges are based on the differential between SCE's generation cost and market prices. If the difference between SCE's power costs and

⁴ See D.-6-07-030 as modified by D. 11-12-018.

market prices declines, then the PCIA will decline. The PCIA increases if the difference between market price and SCE generation costs increases. For this Plan, the PCIA is forecast to increase initially due to the end of offsetting credits that expire in 2018. Post-2018, the PCIA is expected to grow based on the inverse of the market price growth rate. As market prices increase, SCE's surplus resources become more cost effective and the PCIA therefore decreases.

Rate Impacts

Based on LACCE's projected power supply costs/operating costs and SCE's power supply/delivery costs, forecasts of LACCE and SCE total rates have been developed. These rates are illustrated below on Exhibit 34.



As can be seen above, LACCE RPS residential rate with an equal amount of renewable power (28 percent) to what SCE currently offers is .9¢/kWh or 5.4 percent lower than SCE's 2017 rates. LACCE residential rate with 50 percent renewable power (compared to SCE's 28 percent) is .7¢/kWh or 4.1 percent lower than SCE's rates for roughly twice the amount of green renewable power. LACCE residential rate with 100 percent green power (compared to SCE's 28 percent) is 1.1¢/kWh or 6.3 percent higher, but this additional amount comes with almost four times more renewable power than the comparable SCE rate. These rate calculations assume all bill savings associated with forming LACCE will be refunded to the residences and businesses within the County. Based upon final LACCE policy direction, some of these savings could be retained by LACCE to build up financial reserves and/or build more local renewable energy projects.

As an alternative to its standard rates with 28 percent renewable power, SCE also offers rates which feature 50 percent and 100 percent renewable power. For the residential customers, SCE estimates energy costs to be 3.5 cents per kWh higher for each kWh served on the green rate. The LACCE

rates for 50 percent and 100 percent renewable power for residential customers are therefore estimated at 12-13 percent lower.

Based on these assumed LACCE discounts off the comparable SCE rate, Exhibit 35 provides a comparison of the indicative bundled rates for LACCE's products compared to the current SCE rate.

Exhibit 35				
Indicative Rate Comparison (\$/kWh)				
Rate Class	SCE Bundled Rate*	LACCE RPS Bundled Rate	LACCE 50% Green Bundled Rate	LACCE 100% Green Bundled Rate
Residential	17.1	16.2	16.4	18.2
GS-1	16.6	15.7	15.9	17.7
GS-2	15.8	15.0	15.2	16.9
GS-3	14.5	13.8	13.9	15.5
PA-2	12.6	12.0	12.1	13.4
PA-3	10.4	9.9	10.0	11.1
TOU-8 Secondary	13.1	12.4	12.6	14.0
TOU-8 Primary	11.7	11.1	11.2	12.5
TOU-8 Substation	7.5	7.1	7.2	8.0
Total LACCE Rate Savings (Increases)		5.4%	4.1%	(6.3%)

*SCE bundled average rate based on Table 3 in Advice 3319-E-A.

A financial proforma in support of these rates can be referenced in Appendix C.

Local Resources/Behind the Meter LACCE Programs

LACCE should plan to establish a Net Energy Metering ("NEM") program for qualified customers in their service territory to encourage Distributed Energy Resources (DER). In addition, LACCE will work with State agencies and SCE to promote deployment of DER within LACCE's service territory, with the goal of maximizing use of the available incentives that are funded through current utility distribution rates and public goods surcharges.

LACCE should also establish a program which offers a combination of retail tariffs, rebates, incentives and other bundled offerings intended to increase customer participation in demand-side programs including: renewable distributed generation, energy storage, energy efficiency, demand response, electric vehicle charging, and other clean energy benefits defined as Distributed Energy Resources (DER). LACCE will work with State agencies and SCE to promote deployment of DERs in specific and targeted locations throughout SCE's distribution grid in order to help support efficient grid operations and maintenance as part of development of the future "smart grid."

Additionally, LACCE will pursue energy efficiency programs at a faster pace than SCE. Below are ongoing activities undertaken by the SoCalREN under two current proceedings at the CPUC which are leading to a transformation of the energy industry.

Under the CPUC's current Energy Efficiency Proceeding (R. 13-11-005), the SoCalREN has already been established as an independent administrator of energy efficiency funding provided from Southern California Edison and Southern California Gas Company ratepayers. The current proceeding seeks to establish energy efficiency programs under a "Rolling Portfolio" funding cycle

which could provide stable, predictable program funding for up to 10 years. The “Rolling Portfolio” concept will allow energy efficiency program administrators, like the SoCalREN, to conduct more strategic planning, development and implementation of programs.

Under the CPUC’s current Distribution Resource Plans (R.14-08-013), and Distributed Energy Resources (R. 14-10-003) Proceedings, the SoCalREN is a proceeding participant seeking to help establish resource programs which are comprehensive (i.e., include all demand side management resources such as energy efficiency, storage, demand reduction, distributed generation) and which are compensated for multiple benefits that they produce (energy efficiency, real-time grid operations benefits, reduced grid operations and maintenance expenses, and greenhouse gas reductions). Each of these proceedings examine different aspects of creating, integrating and funding distributed energy resources.

CCEs, as entities that can provide wholesale power and design retail rates without lengthy and expensive regulatory proceedings, and as entities that can design and implement other end-user programs using wholesale power or other revenues, are uniquely positioned to be valued partners of investor-owned utilities who would retain their role as distribution grid operators. CCEs program and rate flexibilities can perfectly complement utilities efforts to maximize grid operations and flexibility in a world where behind the meter (and ahead of the meter) distributed generation, energy storage, thermal storage, electric vehicle charging, demand reduction and energy efficiency will increase dramatically. CCEs can partner with utility grid operators in aggregating and financing locational-specific distributed resources in grid areas of specific needs as well in assisting IOUs in investing in these distributed resources.

The SoCalREN is already funded and operational, and is an active participant in these new proceedings. This is advantageous in that any new CCE would typically have to apply for energy efficiency or other CPUC funding under regulated proceedings.

Impact of Resource Plan on Greenhouse Gas (GHG) Emissions

The amount of renewable power in SCE’s power supply portfolio is 28 percent⁵ and will rise to 33 percent by 2020. LACCE is committed to reductions in greenhouse gas emissions. Based on the power supply strategy described previously, GHG emission reductions resulting from the formation of LACCE are estimated to range from 289,080 to 505,890 tons CO₂e per year by 2019 assuming a 50 percent RPS target is achieved. The baseline for comparison is the projected resource mix used by SCE in the same time period. Exhibit 36 details these reductions.

⁵ http://www.cpuc.ca.gov/RPS_Homepage/

Exhibit 36
Baseline Comparison of GHG Reduction by LACCE

	2017	2018	2019
Forecast Renewables (50% Renewables)			
LACCE (MWH) – Phase 2	1,438,275	1,459,854	1,459,854
LACCE RPS (MWH) – Phase 2	730,029	737,154	737,154
Additional Green Power	708,246	722,700	722,700
CO2 reduction – Low (Metric Tons of CO ₂ e)	283,298	289,080	289,080
CO2 reduction – High (Metric tons of CO ₂ e)	495,772	505,890	505,890

These reductions in GHG emissions associated with LACCE operations are significant. Assuming only Phase 2 loads (all unincorporated County loads) are being met by LACCE, CO₂e emissions associated with in-County electricity use will be reduced by 1-2 percent. At full Phase 3 build-out, CO₂ emissions associated with in-County electricity use will be reduced roughly 12-25 percent by LACCE operations.

Economic Development

The analyses contained in this Plan of forming LACCE has focused only on the direct effects of this formation. However, in addition to direct effects, indirect microeconomic effects are also encountered.

The indirect effects of creating LACCE include the effects of increased commerce and improved environmental and health conditions. Within this Plan, an Input/Output (IO) analysis is undertaken to analyze these indirect effects. The IO model turns on the assumption that forming LACCE will lead to lower energy rates for their customers. Three types of impacts are analyzed in the IO model. These are described below.

Local Investment – LACCE will likely choose to implement programs to incentivize investments in local distributed energy resources (DER). Participants in LACCE may pursue local clean DER. These resources can be behind the meter or community projects where several customers participate in a centrally located project. This demand for local resources will lead to an increase in the manufacturing and installation of DER and lead to an increase in employment the manufacturing and construction sectors.

Increased Disposable Income – Establishing LACCE will lead to reduced customer rates for energy, more disposable income for individuals and greater revenues for businesses. These cost savings would then lead to more investment by individuals and businesses for personal or business purposes. This increase in spending will then lead to increased employment for multiple sectors such as retail, construction, and manufacturing.

Environmental and Health Impacts – With the creation of LACCE, other non-commerce indirect effects will occur. These may be largely environmental such as improved air quality or improved human health due to LACCE adopting mainly renewable energy sources versus continuing use of traditional energy sources. This resource strategy significantly reduces GHG emissions compared with SCE's current resource mix. While the change in GHG emissions is not modeled directly in

economic development models used in this Plan, the reduction of these GHGs may be captured in indirect effects projected by the models.

Input-Output Modeling (IO modeling)

IO modeling is a quantitative analysis representing relationships (dependence) between industries in an economy. IO models are based on the implicit assumption that each basic sector has a multiplier, or ripple effect, on the wider economy because each sector purchases goods and services to support that sector. IO modeling estimates the inter-industry transactions and uses those transactions to estimate the economic impacts of any change to the economy.

The IO model used in the Plan, IMPLAN, displays the economic impacts of changes in rates into four categories: employment, labor income, value added, and output. Employment is the number of jobs gained or lost. Labor income involves the increase in salaries and wages for current and newly gained or lost employees. Value added, similar to Gross Domestic Product (GDP), is the payment to labor and capital used in production of a particular industry.

IO models are made up of matrices of multipliers between each industry present in an economy. Each column shows how an industry is dependent on other industries for both its inputs to production and outputs. The tables of multipliers can be used to estimate the effects in changes in spending for various industries, household consumption, or labor income. Both positive and negative impacts can be measured using IO modeling. IO modeling produces results broken down into several categories. Each of these is described below:

- **Direct Effects** – Increased purchases of inputs used to produce final goods and services purchased by residents. Direct effects are the input values in an IO model, or first round effects.
- **Indirect Effects** – Value of inputs used by firms affected by direct effects (inputs). Economic activity that supports direct effects.
- **Induced Effects** – Results of Direct and Indirect effects (calculated using multipliers). Represents economic activity from household spending.
- **Total Effects** – Sum of Direct, Indirect, and Induced effects.
- **Total Output** – Value of all goods and services produced by industries.
- **Value Added** – Total Output less value of inputs, or the Net Benefit/Impact to an economy.
- **Employment** – Number of additional/reduced full time employment resulting from direct effects.

This study uses value added and employment figures to represent the total additional economic impact for each Project Alternative. IMPLAN has been used in this Plan to gauge the impacts on the County of retail rate reductions associated with forming LACCE. These impacts are discussed in detail below.

Increase in Disposal Income Associated with Rate Reduction Impacts

Exhibit 37 shows the effects \$20 million in rate savings will have on the County's economy. The \$20 million rate savings represents the minimum bill savings per year achievable by LACCE once Phase 3 operations begin. Direct effects from reduced rates are expected to add 98 jobs. Indirect effects

are expected to add about 10 jobs. The induced effects of the project create approximately 211 jobs in the County with over \$9.6 million in labor income. It is also projected that the total value added will be approximately \$15.9 million and output close to \$24.2 million. Exhibit 37 details the macroeconomics on the County of the anticipated LACCE customer bill reductions.

Exhibit 37 \$20 Million Rate Savings Effects on County Economy				
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	98.3	\$3,674,939	\$5,376,863	\$7,099,612
Indirect Effect	10.4	\$608,838	\$1,057,593	\$1,677,591
Induced Effect	102.1	\$5,319,262	\$9,472,599	\$15,391,851
Total Effect	210.7	\$9,603,040	\$15,907,056	\$24,169,054

These savings are based on the economic construct that households will spend some share of the increased disposable income on more goods and services. This increased spending on goods and services will then lead to producers either increasing the wages of their current employees or hiring additional employees to handle the increased demand. This in turn will give the employees a larger disposable income which they spend on goods and services and thus repeating the cycle of increased demand. Again, these macroeconomic impacts shown on Exhibit 37 could be 6-7 times greater at Phase 3 build-out.

DER Development Impacts

The economic impacts of DER development are estimated using the Jobs and Economic Development Impact (JEDI) model. JEDI estimates the effects of DER development on construction industries and the local economy. JEDI was initially developed by the National Renewable Energy Laboratory to demonstrate the economic benefits associated with constructing and operating wind and photovoltaic systems in the United States. JEDI has since been expanded to analyze similar economic impacts for various energy sources such as biofuels, coal, concentrating solar power, geothermal, marine and hydrokinetic power, and natural gas. A primary goal of JEDI is that it is being used as a tool for system developers, renewable energy advocates, government officials, decision makers, and others to easily identify the local economic impacts associated with constructing and operating these systems on the economy as a whole, whether through direct and indirect effects.

Users input general information about a particular energy project, such as the project location, the type of system being installed, nameplate capacity, annual operations and maintenance costs, and others. JEDI has default but modifiable data regarding various aspects of each energy system type, such as equipment costs, tax parameters, and labor costs. JEDI then uses the input general information and the data, default or modified, to run calculations on the types of economic effects produced by the proposed project. This model can output projected direct job creation by industry, indirect job and business increases due to the project, projected operation costs, and more.

In order for JEDI to provide information, it must be populated with detailed data for the assumed DER project. Projected system data, type of solar cell, nameplate capacity (kW), and the number of systems. As an example of the macroeconomic activity caused by local DER deployment, this Plan assumes the installation of a 50 crystalline silicon, fixed mount solar systems with nameplate

capacities of 1 MW each for a total capacity of 50 MW. It is anticipated that LACCE will ultimately install a number of larger local solar projects such as the one described above. Exhibit 38 describes the macroeconomic impacts of constructing only one of these local solar projects.

Exhibit 38			
Projected Solar Systems Impacts on County's Economy			
Description	Jobs	Earnings, \$000	Output (GDP), \$000
During Construction and Installation Period			
*Project Development and Onsite Labor Impacts			
Construction and Installation Labor	342.5	\$22,182	
Construction and Installation Related Services	374.3	\$20,007	
Subtotal	716.8	\$42,189	\$67,620
*Module and Supply Chain Impacts			
Manufacturing Impacts	0.0	\$0	\$0
Trade (Wholesale and Retail)	79.4	\$4,425	\$12,887
Finance, Insurance and Real Estate	0.0	\$0	\$0
Professional Services	53.9	\$2,326	\$6,908
Other Services	141.4	\$15,048	\$42,364
Other Sectors	317.1	\$10,656	\$19,428
Subtotal	591.7	\$32,455	\$81,587
Induced Impacts	326.7	\$13,067	\$39,092
Total Impacts	1,635.3	\$87,710	\$188,298
During Operating Years			
*Onsite Labor Impacts			
PV Project Labor Only	9.2	\$555	\$555
*Local Revenue and Supply Chain Impacts	2.7	\$145	\$458
*Induced Impacts	1.9	\$74	\$221
Total Impacts	13.8	\$774	\$1,235

Exhibit 38 shows the construction and ongoing effects of building 50, 1 MW solar power systems. It is projected that roughly 1,635 jobs will be created during construction and installation. Of this total, about 719 jobs will be directly involved in construction and installation while roughly 592 jobs will be indirectly involved with the building of the project. Induced impacts of the construction and installation will create approximately 327 jobs. These induced effects may include anything from increased employment in restaurants, retail, education, and others. Overall, the building of this one solar project is projected to create \$87 million in earnings and \$188 million in output (GDP) in the local economy along with 1,636 jobs during construction and 14 full-time jobs ongoing. LACCE will need 2,000 – 3,000 MW of solar power plants at Phase 3 build-out so the potential employment impact on the County could be very significant.

Sensitivity Analysis

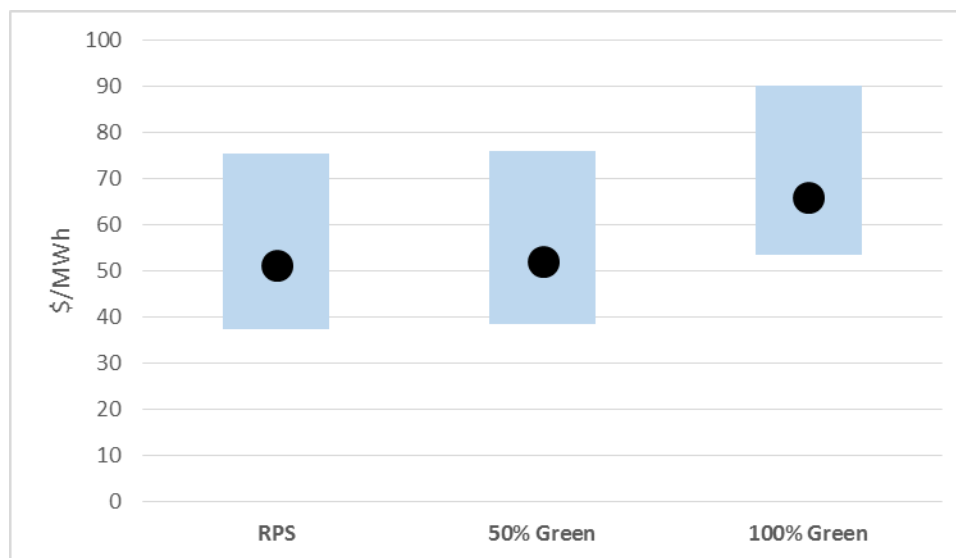
The aforementioned economic analysis provides the base case analysis of forming LACCE. This base case is predicated on numerous assumptions and estimates that influence the overall results. This section of the Plan will provide the range of impacts that could result from changes in the most significant variables. In addition, this section will address risks that cannot be quantified, but should be addressed and mitigated to the maximum amount possible. Each key assumption is discussed, a band of uncertainty is established and LACCE's rate impacts associated with factoring in this uncertainty is developed for each key variable.

Since resource costs are based on forecast natural gas, wholesale market and renewable market prices, it is prudent to look at the sensitivity of the 20-year levelized cost calculation to fluctuations in these projections. Exhibit 39 below shows a summary of low, base, and high resource costs.

Exhibit 39 Low, Base and High 20-year Levelized Resource Costs (\$/MWh)					
Case	Market PPA	Portfolio 1 and 2 Renewables	Portfolio 3 Renewables	Brown Resources	Local Renewables
Low Case	25.0	32	40	45	45
Base Case	41.5	42	52	60	65
High Case	70.0	62	76	80	85

The 20-year levelized costs of each portfolio has been calculated using the range of resource costs shown above. The base case costs are depicted by the black dots in Exhibit 40.

Exhibit 40
Sensitivity of Portfolio 20-year Levelized Costs



Portfolio 3, which relies on renewable energy purchases to serve all retail loads, has the highest projected costs that range from a low of \$54/MWh to a high of \$90/MWh. The low case for Portfolio 3 (\$54/MWh) is greater than the base case for both Portfolios 2 and 3. The likelihood of solar costs

increasing to the point that 20-year levelized costs are near \$62/MWh seems unlikely. All signs point to decreases in solar equipment costs on a \$/watt basis. There have been significant decreases in solar costs over the past few years. Given the financial incentives targeted at the solar industry as well as the continuing advances in technology, it seems very unlikely that solar costs will increase over the next 10 to 20 years.

The potential for market PPA prices to increase to the high case of \$70/MWh has a much higher likelihood. Wholesale market prices are dependent on many factors the most notable of which are natural gas prices. Natural gas prices are at historic lows and wholesale market prices have followed. However, natural gas prices are subject to variety of local, national and international forces that could drastically alter the current market place. For one, increased regulation of the natural gas industry with respect to the deployment of fracking technology could cause decreases in natural gas supplies and commensurate increases in natural gas prices. If natural gas prices increased, it is highly likely that electric wholesale market prices would also increase.

When evaluating risks, it is important to note that power supply costs are approximately 79 percent of the total CCE costs, SCE non-bypassable charges account for 13 percent and CCE operating costs account for 8 percent of total CCE revenue requirement.

Loads and Customer Participation Rates

The Plan bases the 20-year load forecasts on expected load growth, load profiles and participation rates. In order to evaluate the potential impact of varying loads, low, medium, and high load forecasts have been developed for the sensitivity analysis. SCE made available load shape profiles by customer class for the entire SCE service area. These load profiles were applied to all customer loads despite the varying climate zones within the County.

Another assumption that can impact the costs of LACCE are the customer participation rates. This Plan uses a conservative participation rate as the base case. A higher participation rate will increase energy sales relative to the base case and decrease the fixed costs paid by each customer. On the other hand, a reduced participation rate will increase the fixed costs to LACCE participants. Sensitivity to changes in projected loads has been tested for the high and low load forecast scenarios. For the sensitivity analysis, the high case assumes an additional 10 percent participation rate, while the low case assumes the participation rate is reduced by 50 percent. The low case assumes a 0 percent growth in energy and customers after 2017, while the high scenario assumes a 5 percent growth in energy and customers.

SCE Rates and Surcharges

The base case forecast of SCE rates assumes delivery rates increase at 2 percent per year and generation rates increase approximately 2.0 percent based on the projected market prices and renewable resource growth rates.

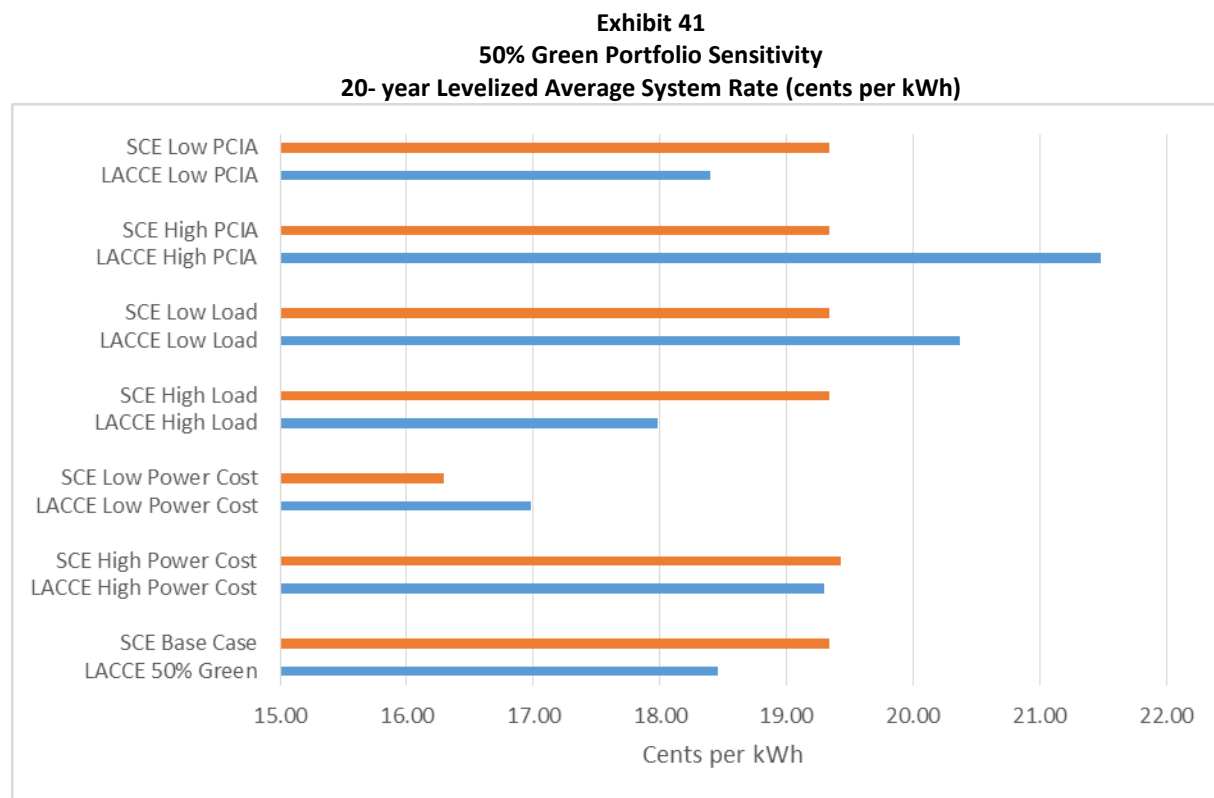
There are numerous factors that could impact SCE's rates in addition to the market price impacts described above. Regulatory changes, plant or technology retirements or additions, and the long-term impact of the Aliso Canyon leak all can impact SCE rates in the future. To address these

uncertainties, sensitivity to the SCE results has been modeled assuming a high and low SCE generation growth rate of 5 percent and 1.5 percent respectively.

The level of the PCIA and the amount of franchise surcharges will impact the cost competitiveness of LACCE. In order to be cost-effective, LACCE power supply costs plus PCIA and other surcharges must be lower than SCE's generation rates. Over time, the PCIA will vary, but it is expected that it will decline as market prices increase. The PCIA reflects SCE's own resources and signed contracts. Once the contracts expire, the related PCIA will disappear. Sensitivity to the PCIA has been modeled in the high case by assuming the PCIA would increase to reflect a historic high of 2.5 cents per kWh and remain flat for the 20-year analysis period. For the low case, it was assumed that the PCIA decreases by 50 percent in year 1 and remains flat for the 20-year analysis period.

Sensitivity Results

Exhibit 41 provides the results of the sensitivity analysis for the 50% Green Scenario, which is the most likely portfolio for LACCE to pursue. This sensitivity shows that the biggest risk to LACCE is if the PCIA increases to historic levels, LACCE does not achieve sufficient customer participation or if market prices fall significantly below their current historical low level.



This sensitivity analysis shows that LACCE rate could be greater than SCE rates if:

- The PCIA becomes larger by orders of magnitude
- LACCE loads are much less than forecast
- Wholesale market prices are much less than current experience

Each of these three scenarios has a low risk of actually occurring. For example, wholesale market prices for natural gas/electricity are at all-time lows. The probability of any significant further lowering of these prices is judged to be very small. The PCIA level should be fairly stable going forward as regulatory remedies are in play to stabilize the PCIA and the CCA vigilance in this area has increased markedly. Finally, a relatively high customer opt-out percentage in this Plan has been assumed when compared to those experienced by operating CCAs. It is very unlikely LACCE loads will not meet or exceed those assumed in this Plan.

Risks

Regulatory Risks

Regulatory issues continue to arise that may impact the competitiveness of LACCE. However, California's operating CCAs have worked hard to address any potentially detrimental changes through effective lobbying and technical support.

New legislation can also impact LACCE. For example, new legislation that recently affected CCAs are SB 350 and AB 1110. In addition, there are several changes that impact CCEs regarding power supply procurement and contracting. The CCE-specific changes reflected in SB 350 are generally positive, providing for ongoing autonomy with regard to resource planning and procurement. CCEs must be aware, however, of the long term contracting requirement associated with renewable energy procurement.

Regulatory risks also include the potential for utility generation costs to be shifted to non-bypassable and delivery charges. LACCE will need to continually monitor and lobby at the Federal, State and local levels to ensure fair and equitable treatment related to non-bypassable charges.

Participating Cities

LACCE has the possibility of being one of the largest utilities in California. As such, it is prudent to proceed with caution and implement LACCE's enrollment incrementally. The proposed phase-in approach allows for LACCE to hire staff and consultants incrementally, and ensure the power supply procurement, billing and data management process are smooth and with limited issues. This Plan demonstrates that if LACCE does not add any Cities to its service area, it is still cost competitive with SCE projected rates. As additional Cities are added, it is expected that LACCE rates will be reduced even more when compared to SCE's.

Schedule

A schedule for LACCE start-up is provided below.

Los Angeles Community Choice Energy (LACCE)
Phase 1 Summary Milestone Schedule

Task Name	2015			2016												2017		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Task Force Meetings	◆		◆		◆		◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
Acquire SCE Data (three phases)		◆ Order	◆ 1st	◆ 2nd	◆ Final													
Business Plan				Draft ◆						◆ Final								
JPA Governing Documents										◆ Final								
Board Approves Ordinance/Resolution											◆ Authorization							
Implementation Plan/Statement of Intent											◆ Submit to CPUC							
JPA Formation											◆ Complete							
Marketing and Outreach																		
Negotiate Financing/Line of Credit																		
Energy Services/Data Management								RFQ ◆				◆ Contracts						
CPUC Certification and Launch Date Set													◆ Certification by CPUC					
Cities Opt-In for Municipal Buildings												◆ Deadline						
Negotiate Power Contracts													◆ Contracts					
Finalize Cost of Service and Rates														◆				
Execute SCE Service Agreement*											◆							
Integration with SCE																		
Initial Opt-Out Notices													1st ◆	2nd ◆				
Phase 1 Service Begins															◆ Phase 1 Launch			
Final Opt-Out Notices																1st ◆	◆ 2nd	

Summary and Recommendations

Rate Impacts and Comparisons

The first impact associated with forming LACCE will be lower electricity bills for LACCE customers. LACCE customers should see no obvious changes in electric service other than the lower price and more renewable power procurement. Customers will pay the power supply charges set by LACCE and no longer pay the higher costs of SCE power supply.

Given this Plan's findings, LACCE's rate setting can establish a goal of providing rates that are lower than the equivalent rates offered by SCE even under the 50 percent renewable portfolio. Under the 100 percent renewable portfolio, LACCE customers will pay 6.3 percent more for their power, but will receive roughly four times as much renewable energy compared to the SCE product. The projected LACCE and SCE rates are illustrated in Exhibit 42.

Exhibit 42 Indicative Rate Comparison (\$/kWh)				
Rate Class	SCE Bundled Rate*	LACCE RPS Bundled Rate	LACCE 50% Green Bundled Rate	LACCE 100% Green Bundled Rate
Residential	17.1	16.2	16.4	18.2
GS-1	16.6	15.7	15.9	17.7
GS-2	15.8	15.0	15.2	16.9
GS-3	14.5	13.8	13.9	15.5
PA-2	12.6	12.0	12.1	13.4
PA-3	10.4	9.9	10.0	11.1
TOU-8 Secondary	13.1	12.4	12.6	14.0
TOU-8 Primary	11.7	11.1	11.2	12.5
TOU-8 Substation	7.5	7.1	7.2	8.0
Total LACCE Rate Savings		5.4%	4.1%	(6.3%)

*SCE bundled average rate based on Table 3 in Advice 3319-E-A.

As an alternative to its standard rates with 28 percent renewable power, SCE also offers rates which feature 50 percent and 100 percent renewable power. For the residential customers, SCE estimates energy costs to be 3.5 cents per kWh higher for each kWh served on the green rate. The LACCE rates for 50 percent and 100 percent renewable power for residential customers are therefore estimated at 12-13% percent lower than SCE's.

Once LACCE gives notice to SCE that it will commence service, LACCE customers will not be responsible for costs associated with SCE's future electricity procurement contracts or power

plant investments.⁶ This is a distinct advantage to LACCE customers as they will now have local control of power supply costs through LACCE.

Renewable Energy Impacts

A second consequence of forming LACCE will be an increase in the proportion of energy generated and supplied by renewable resources. The Plan includes procurement of renewable energy sufficient to meet 50 percent or more of LACCE's electricity needs. The majority of this renewable energy will be met by new renewable resources. By 2020, SCE must procure a minimum of 33 percent of its customers' annual electricity usage from renewable resources due to the state Renewable Portfolio Standard and the Energy Action Plan requirements of the CPUC. In contrast, LACCE will target 50 percent renewable by 2017 and these resources will likely be new renewable resources.

Energy Efficiency Impacts

A third consequence of forming LACCE will be an increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by SCE are not expected to change as a result of forming LACCE. LACCE customers will continue to pay the public goods charges to SCE which funds energy efficiency programs for all customers, regardless of supplier. The energy efficiency programs ultimately planned for LACCE will be in addition to the level of investment that would continue in the absence of LACCE. Thus, LACCE has the potential for increased energy investment and savings with an attendant further reduction in emissions due to expanded energy efficiency programs.

Economic Development Impacts

The fourth consequence of forming LACCE will be enhanced local economic development. The analyses contained in this Plan has focused primarily on the direct effects of this formation. However, in addition to direct effects, indirect economic effects are also encountered. The indirect effects of creating LACCE include the effects of increased local investments, increased disposable income due to bill savings and improved environmental and health conditions.

Exhibit 43 shows the effects \$20 million in electric bill savings will have on the County's economy. The \$20 million rate savings represents the minimum bill savings per year achievable by LACCE once in full operation. It is estimated that the electric bill savings can create approximately 211 additional jobs in the County with over \$9.6 million in labor income. It is also projected that the total value added will be approximately \$15.9 million and output close to \$24.2 million.

⁶ CCAs may be liable for a share of unbundled stranded costs from new generation, but would then receive associated Resource Adequacy credits.

Exhibit 43
\$20 Million Rate Savings Effects on County Economy

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	98.3	\$3,674,939	\$5,376,863	\$7,099,612
Indirect Effect	10.4	\$608,838	\$1,057,593	\$1,677,591
Induced Effect	102.1	\$5,319,262	\$9,472,599	\$15,391,851
Total Effect	210.7	\$9,603,040	\$15,907,056	\$24,169,054

These savings are based on the economic construct that households will spend some share of the increased disposable income on more goods and services. This increased spending on goods and services will then lead to producers either increasing the wages of their current employees or hiring additional employees to handle the increased demand. This in turn will give the employees a larger disposable income which they spend on goods and services and thus repeating the cycle of increased demand.

In addition to increased economic activity due to electric bill savings, potential local projects can also create job and economic growth in the local economy. As an example of the macroeconomic activity caused by local DER deployment, this Plan assumes the installation of fifty crystalline silicon, fixed mount solar systems with nameplate capacities of 1 MW each for a total capacity of 50 MW. Overall, the building of this one solar project is projected to create \$87 million in earnings and \$188 million in output (GDP) in the local economy along with 1,636 jobs during construction and 14 full-time jobs ongoing. It is anticipated that LACCE will ultimately install a number of larger local solar projects such as the one described. At full Phase 3 build-out, the positive economic impacts could be 6-7 times larger than those calculated for Phase 2 operations.

Impact of Resource Plan on Greenhouse Gas (GHG) Emissions

The fifth consequence of forming LACCE will be reduced GHG emissions. The amount of renewable power in SCE's power supply portfolio is 28 percent⁷ and will rise to 33 percent by 2020. LACCE is committed to reductions in greenhouse gas emissions. Based on power supply strategy described previously, the estimated GHG emission reductions are forecast to range from 289,080 to 505,890 tons CO₂e per year by 2019 assuming a 50 percent RPS target is achieved. The baseline for comparison is the resource mix used by SCE versus the resource mix that will be utilized by LACCE. Exhibit 44 details these reductions.

⁷ http://www.cpuc.ca.gov/RPS_Homepage/

Exhibit 44 Baseline Comparison of GHG Reduction by LACCE			
	2017	2018	2019
Forecast Renewables (50% Renewables)			
LACCE (MWH) – Phase 2	1,438,275	1,459,854	1,459,854
LACCE RPS (MWH) – Phase 2	730,029	737,154	737,154
Additional Green Power	708,246	722,700	722,700
CO2 reduction – Low (Metric Tons of CO ₂ e)	283,298	289,080	289,080
CO2 reduction – High (Metric tons of CO ₂ e)	495,772	505,890	505,890

These reductions in GHG emissions associated with LACCE operations are significant. Assuming only Phase 2 loads (all unincorporated County loads) are being met by LACCE, CO₂e emissions associated with in-County electricity use will be reduced by 1-2 percent. At full Phase 3 build-out, CO₂ emissions associated with in-County electricity use will be reduced roughly 12-25 percent by LACCE operations.

Summary

This study concludes that the formation of a CCA in Los Angeles County is financially feasible and would yield considerable benefits for all participating County residents and businesses. These benefits could include 4.1 percent lower rates for electricity that is supplied by roughly twice the amount of renewable resources as SCE. LACCE will reduce GHG emissions by as much as 500,000 tons of CO₂e per year by serving only the County's unincorporated areas. At full build-out, a 2 percent rate reduction (a fraction of the total reduction possible) will add 211 jobs, generate over \$24.2 million in additional GDP, and give the County and its residents greater control over their power supply and energy efficiency programs. The positive impacts on the County and its inhabitants of forming LACCE are so significant that this effort should be pursued. No likely combination of sensitivities will change this recommendation.

Appendix A – Cities/Counties Evaluating CCA Feasibility

	CCA Name	Service Area	Start Date	IOU
Operational				
	Marin Clean Energy	Marin County, Napa County, part of Contra Costa and Solano Counties	May 2010	PG&E
	Sonoma Clean Power	Sonoma County	May 2014	PG&E
	Lancaster Choice Energy	City of Lancaster	May 2015	SCE
	Clean Power San Francisco	City of San Francisco	May 2016	PG&E
	Peninsula Clean Energy	San Mateo County	June 2016	PG&E
Exploring/In Process				
	East Bay Community Energy	Alameda County		PG&E
	TBD	Butte County		PG&E
	TBD	City of San Jose		PG&E
	TBD	Contra Costa County		PG&E
	TBD	Humboldt County		PG&E
	LA Community Choice Energy	LA County		SCE
	TBD	Mendocino County		PG&E
	TBD	Monterey County		PG&E
	TBD	Placer County		PG&E
	TBD	Riverside County		SCE
	TBD	San Benito County		PG&E
	TBD	San Bernardino County		SCE
	TBD	San Diego County		SDG&E
	TBD	San Luis Obispo County		PG&E
	TBD	Santa Barbara County		SCE/PG&E
	Silicon Valley Clean Energy	Santa Clara County		PG&E
	TBD	Santa Cruz County		PG&E

Appendix B – CCA Funding Options Prepared by Public Financial Management, Inc.

This Appendix C is provided by Public Financial Management, Inc., the energy programs financial advisor to the Office of Sustainability hired to assist in LACCE start-up activities.

LACCE has funding requirements at each Phase of the program, including initial start-up costs as well as working capital necessary to bridge the timing lag between initial power purchases and the receipt of customer revenues. The complexity and availability of funding opportunities is influenced by the nature of each Phase of the program and the core structural features of the LACCE program itself. The discussion that follows reviews the current state of the financial marketplace for CCA programs and the funding options available to LACCE for each Phase of the program, as well as an overview of how other California CCAs have approached start-up and launch phase funding requirements.

Overview of Funding Requirements

Start-Up/Phase 1 – Start-Up and Phase 1 funding requirements are estimated to be approximately \$10 million. This amount consists of initial capital needs for infrastructure to establish the CCA as well as working capital to fund initial power procurement related expenses and bridge the timing lag between payment deadlines and the receipt of the first customer revenues. Phase 1 is expected to launch January 1, 2017, but funds will be required pre-launch starting on or about July 1, 2016 or later if some start-up costs can continue to be covered by initial County funding to develop the Business Plan.

Phase 2 – Phase 2 is scheduled to launch six months after Phase 1 on or about July 1, 2017. Phase 2 funding requirements are estimated to be approximately \$40 million largely oriented towards working capital and credit support for power procurement expenses. Similar to the Phase 1 timing, financing will be required several months prior to the launch of Phase 2. The lending community will view both Phase 1 and Phase 2 as having elevated risk profiles, given the start-up nature of the enterprise and uncertainty with respect to customer opt-out rates. On a relative basis, Phase 1 carries additional funding risk as a result of risks associated with failure to launch and untested revenue estimates, while the risk profile of Phase 2 should benefit from a limited history of successful collections and operating results as well as the ability to cure any preliminary start-up issues during the Phase 1 limited launch.

Current CCA Funding Landscape

The CCA market is rapidly expanding with increasingly proven success. To date, there are four operational CCAs in California with varying degrees of operating histories; however, all four CCAs have demonstrated the ability to generate positive operating results. As a result, power providers have kept pace and expanded their comfort level with CCA counterparty risks, offering

elongated and more flexible repayment terms for initial power purchases. The same cannot yet be said for the financial marketplace. To date, the financial counterparties who have gotten comfortable with CCA counterparty risk are very limited with only 3 to 5 banks currently offering credit to CCAs in the startup phase. The early adopters were community banks in the CCA service territory. In recent months a mix of regional and large national banks have shown increased levels of interest, particularly towards CCAs with (i) longer operating track-records and (ii) larger service territories. This expanded financial counterparty base should give LACCE comfort that it will have access to a deeper pool of potential financial counterparties than previous programs.

This is especially important since the LACCE program will dwarf all programs launched to date with respect to load served and potential customer base and thus require greater dollars.

Why are banks hesitant to lend to CCAs? LACCE will be formed as a Joint Action Agency (JPA) which is a proven organizational construct within California. Hundreds of JPAs have been created in CA and used to access billions in capital dollars over the decades. In particular, public power utilities in Southern California have sold billions of dollars of tax-exempt bonds and have had access to bank credit support in the form of letters and lines of credit. The key differentiating feature between all of these entities and a CCA is a monopoly right to a revenue stream to repay their creditors. Based on the existing legislative construct, CCAs have opt-out risk which gives creditors pause for concern. This is the fundamental reason why the financial marketplace has yet to get comfortable with CCAs on a broad-based basis.

As CCAs have successfully launched across the state and a more robust data set of opt-out history becomes available, the financial community has been more comfortable to provide credit support to CCAs. As more and larger opportunities such as LACCE, San Francisco, San Mateo County and San Diego potentially become available it is driving the financial community to respond and adapt. To date, the financial community as a whole has essentially been unaware of the growing CCA opportunity. Additional outreach and large scale public procurement efforts will continue to educate the marketplace.

With respect LACCE, funding requirements for start-up, Phase 1 and Phase 2 will be difficult funds to procure from a third party lender without some form of credit support (discussed below). The lending community will view the Start-up/Phase 1 \$10MM investment as high-risk because the CCA has yet to launch and begin collecting revenues which would be available to repay the lender. This investment is viewed much like an investment in any other start-up company that may not get off the ground. Phase 2 needs become a bit less risky as an operating history is established, but this history will be very limited and a significant amount of risk still exists for any lender. Future phases will reap the benefits of early Phase success and a reduced risk profile as LACCE demonstrates a record of operating results.

As a result of these funding challenges, all programs that have launched to date and those in development have relied on a sponsoring municipality to provide support for obtaining these needed funds. This support has come in varied forms which are summarized in Exhibit B-1 below:

Exhibit B-1
Forms of Support

Existing CCAs	Start-Up Funding Requirement ¹	Funding Sources
MCE Clean Energy	\$2- \$5 million	Startup loan from the County of Marin, individual investors, and local community bank loan.
Sonoma Clean Power	\$4 - \$6 million	Loan from Sonoma County Water Authority as well as loans from a local community bank secured by a Sonoma County general fund guarantee.
CleanPower SF	~\$5 million	Appropriations from the Hetch Hetchy reserve (SFPUC).
Lancaster Choice CCA	~\$2 million	Loan from the City of Lancaster general fund.
Peninsula Clean Energy	\$10 - \$12 million	San Mateo County has stated a willingness to fund a \$6MM escrow to secure lenders.

¹ Source: Respective entity websites and publicly available information.

Funding Option Review

LACCE will have more options than the initial CCA efforts in the state; however, the fundamental marketplace developments described above will nevertheless influence LACCE's financing alternatives. This is a very dynamic and rapidly evolving market so what is written here will likely be different and perhaps more favorable when LACCE moves toward launch.

A review of the current state of options for obtaining funds for these initial phases is detailed below:

Direct Loan from LA County – LACCE can approach LA County for a loan to fund all or a portion of the Start-up/Phase 1 and Phase 2 needs. The County would be secured by the CCA revenues once launched. LA County could expect to be repaid in one to three years for this investment based on the history of other operational CCAs. LA County would likely assess a risk-appropriate rate for such a loan which is likely higher than the County earns for funds otherwise invested. This rate is estimated to be 4.0 percent to 6.0 percent.

Phase 1 needs are wholly County-contained risks in that the CCA is serving power to County facilities. This is a very controlled risk for the County in that it is essentially both the lender and the creditor. The opt-out risk is completely in the County's control. While untested, it is possible that a lender other than the County could be found to fund these needs. Should the County be willing to offer up additional credit protection in the form of a 3-year agreement to not opt-out of the CCA, then external funding sources may be more readily available. The loan at that point would be no different than a loan to the County's general fund, which has ample access to bank credit, given its high investment grade credit ratings and strong credit profile.

Phase 2 needs are broader and exposed to opt-out risk of customers beyond the County's control. A direct loan from the County would be the easiest and most reliable approach to funding for LACCE Phase 2. The County will need to assess such risk appropriately and, if it decides to fund a loan, should fund at levels that reflect such risk. This has ranged 4.0 percent to 6.0 percent as

noted above. To date, the tenor of such loans has been relatively short, albeit with somewhat flexible repayment terms. The County would have other vehicles described below to support the CCA while limiting its risk.

Collateral Arrangement from LA County – As an alternative to a direct loan from the County, the County could establish an escrow account to backstop a lender’s exposure to the CCA. The County would agree to deposit funds in an interest-bearing escrow account which the lender could tap should the CCA fail to pay the lender directly.

The escrow would be interest bearing on behalf of the County so to the extent funds are not used the County is not forgoing interest earnings or principal. The amount of deposit required is negotiable with the lenders but could be as high as 50 percent of the loan needs or \$12.5 million to \$20 million for Phase 2. This limits the County’s exposure to 50 percent vs 100 percent direct exposure with a loan. This arrangement will attract interest from the existing CCA lending community and likely bring additional competition via a lending procurement effort.

Loan from a Financial Institution without Support – Market appetite for this option at such an early stage of the CCA is untested. To date, only CCAs with a more extensive 2 to 3-year operating history have been able to move away from a supported funding arrangement. LACCE should nonetheless explore this option.

Vendor Funding – LACCE can pursue arrangements with its power suppliers to eliminate or reduce the need for or size of funding for the initial Phases. This could come in a number of forms such as a “lockbox” approach with one power provider or a “credit-sleeving” approach with a power marketer. However, this approach is less transparent and the associated cost may outweigh the benefit of eliminating or reducing the need for a bank facility. It has been a very viable approach for the first CCA programs, but with the expansion of the marketplace it may not be required.

Revenue Bond Financing – This is not a feasible option at this point given the start-up nature of the enterprise. Once the CCA is more established (3 to 5 years) and can obtain a credit rating this could be an avenue to explore for future capital needs. Other CCAs with a longer operating history will likely explore and establish this marketplace before LACCE.

Summary

Funding for the LACCE program is available and viable in various forms as the financial marketplace continues to evolve for CCAs. The program should explore all options to determine which alternatives or combination of alternatives delivers the lowest cost funding.

Phase 1 needs are best supported by LA County as the sole impacted CCA participant. There are options beyond this, but each involves a significant amount of risk for the counterparty and thus likely to be available at a higher cost for LACCE.

Phase 2 needs will greatly benefit from an LA County pledge, but the marketplace may allow alternatives as noted above.

Appendix C – Proforma Analyses

LA County Community Choice Aggregation

Financial Proforma

Portfolio - 50% Renewable

Load Data	2017 Jan - June	2017 July - Dec	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Customer Accounts																					
Domestic	43	279,478	286,656	287,449	290,158	294,277	299,063	305,491	312,692	320,160	328,122	335,746	341,378	347,105	352,928	358,849	364,870	370,991	377,215	383,543	389,978
Commercial	925	27,673	27,902	28,199	28,489	28,718	28,942	29,276	29,511	29,754	30,031	30,222	30,514	30,809	31,107	31,408	31,711	32,018	32,328	32,641	32,957
Industrial	10	135	135	135	135	134	134	134	134	134	134	134	134	134	134	133	133	133	133	133	133
Lighting & Traffic Control	686	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288
Agricultural	64	984	986	989	991	994	997	1,000	1,003	1,005	1,008	1,011	1,014	1,017	1,020	1,023	1,025	1,028	1,031	1,034	1,037
Total Customers	1,728	309,558	316,966	318,060	321,061	325,412	330,424	337,189	344,628	352,341	360,583	368,401	374,328	380,353	386,477	392,701	399,028	405,459	411,995	418,639	425,393
Energy Sales (MWh)																					
Domestic	86	825,737	1,486,894	1,500,905	1,522,211	1,546,971	1,580,223	1,617,470	1,656,100	1,697,285	1,736,723	1,765,859	1,795,484	1,825,607	1,856,234	1,887,376	1,919,040	1,951,236	1,983,971	2,017,256	2,051,099
Commercial	23,544	439,958	828,482	836,747	843,298	849,674	859,196	865,918	872,855	880,765	886,220	894,552	902,966	911,464	920,047	928,716	937,471	946,313	955,243	964,262	973,371
Industrial	42,848	222,120	415,784	415,082	413,882	412,796	413,483	413,405	412,993	413,065	412,935	412,646	412,357	412,068	411,779	411,491	411,203	410,915	410,628	410,341	410,054
Lighting & Traffic Control	12,604	19,547	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444
Agricultural	4,917	55,425	103,471	103,750	104,029	104,310	104,591	104,873	105,156	105,439	105,724	106,009	106,295	106,582	106,870	107,159	107,448	107,739	108,030	108,322	108,615
Total Energy Sales (MWh)	83,998	1,562,787	2,873,075	2,894,927	2,921,864	2,952,194	2,995,937	3,040,110	3,085,547	3,134,997	3,180,045	3,217,509	3,255,546	3,294,165	3,333,375	3,373,185	3,413,606	3,454,646	3,496,316	3,538,625	3,581,583
CCE Operating Costs	2017 Jan - June	2017 July - Dec	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Power Supply	\$5,115,141	\$78,575,785	\$147,670,090	\$151,208,630	\$155,034,198	\$159,257,906	\$164,317,538	\$169,532,598	\$175,061,789	\$181,154,265	\$186,972,696	\$192,469,336	\$198,332,840	\$204,691,824	\$211,012,300	\$217,680,878	\$224,618,939	\$231,778,097	\$239,348,954	\$247,253,173	\$255,387,886
Billing & Data Management	\$12,960	\$2,321,688	\$4,754,496	\$4,770,904	\$4,815,913	\$4,881,173	\$4,956,358	\$5,057,834	\$5,169,415	\$5,285,118	\$5,408,747	\$5,526,017	\$5,614,925	\$5,705,295	\$5,797,151	\$5,890,517	\$5,985,418	\$6,081,880	\$6,179,928	\$6,279,589	\$6,380,890
SCE Fees	\$1,106,742	\$230,000	\$1,559,583	\$1,564,964	\$1,579,727	\$1,601,133	\$1,625,793	\$1,659,077	\$1,695,676	\$1,733,627	\$1,774,177	\$1,812,641	\$1,841,803	\$1,871,445	\$1,901,574	\$1,932,198	\$1,963,325	\$1,994,965	\$2,027,124	\$2,059,813	\$2,093,040
Technical Services	\$715,000	\$715,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000
Staffing	\$380,000	\$1,215,000	\$3,396,600	\$3,464,532	\$3,533,823	\$3,604,499	\$3,676,589	\$3,750,121	\$3,825,123	\$3,901,626	\$3,979,658	\$4,059,251	\$4,140,436	\$4,223,245	\$4,307,710	\$4,393,864	\$4,481,742	\$4,571,376	\$4,662,804	\$4,756,060	\$4,851,181
General & Administrative expenses	\$160,000	\$230,000	\$356,000	\$312,120	\$318,362	\$324,730	\$331,224	\$337,849	\$344,606	\$351,498	\$358,528	\$365,698	\$373,012	\$380,473	\$388,082	\$395,844	\$403,761	\$411,836	\$420,072	\$428,474	\$437,043
Debt Service (CCE Bonds & Start-up Costs)	\$3,514,532	\$3,514,532	\$7,029,064	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532
Start-Up Capital	(\$5,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Uncollectibles	\$58,598	\$500,548	\$953,462	\$954,270	\$974,531	\$997,343	\$1,024,971	\$971,640	\$1,000,666	\$1,032,673	\$1,063,290	\$1,092,187	\$1,122,723	\$1,155,747	\$1,188,726	\$1,223,367	\$1,259,378	\$1,296,514	\$1,335,729	\$1,376,632	\$1,418,720
Total Operating Costs	\$6,062,973	\$87,302,553	\$167,149,294	\$167,219,951	\$171,201,087	\$175,611,316	\$180,877,005	\$186,253,651	\$192,041,806	\$198,403,338	\$204,501,628	\$210,269,662	\$216,370,272	\$222,972,560	\$229,540,074	\$236,461,199	\$243,657,094	\$251,079,199	\$258,919,144	\$267,098,274	\$275,513,292
Other Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total CCE Revenue Requirement	\$6,062,973	\$87,302,553	\$167,149,294	\$167,219,951	\$171,201,087	\$175,611,316	\$180,877,005	\$186,253,651	\$192,041,806	\$198,403,338	\$204,501,628	\$210,269,662	\$216,370,272	\$222,972,560	\$229,540,074	\$236,461,199	\$243,657,094	\$251,079,199	\$258,919,144	\$267,098,274	\$275,513,292
Average CCE Rate (\$/kWh)		\$0.0530	\$0.0582	\$0.0578	\$0.0586	\$0.0595	\$0.0604	\$0.0613	\$0.0622	\$0.0633	\$0.0643	\$0.0654	\$0.0665	\$0.0677	\$0.0689	\$0.0701	\$0.0714	\$0.0727	\$0.0741	\$0.0755	\$0.0769
Average SCE Generation Rate (\$/kWh)		\$0.0684	\$0.0692	\$0.0709	\$0.0734	\$0.0750	\$0.0767	\$0.0785	\$0.0805	\$0.0823	\$0.0841	\$0.0858	\$0.0875	\$0.0894	\$0.0908	\$0.0926	\$0.0946	\$0.0965	\$0.0986	\$0.1008	\$0.1029
Total CCE Charges																					
SCE Non-bypassable Charges	\$715,270	\$13,307,632	\$24,496,470	\$24,588,226	\$24,679,691	\$24,854,670	\$25,142,156	\$9,046,076	\$9,091,988	\$9,163,882	\$9,219,721	\$9,259,956	\$9,297,027	\$9,332,491	\$9,393,772	\$9,435,616	\$9,477,832	\$9,520,054	\$9,562,324	\$9,604,837	\$9,649,378
CCE Revenue Requirement	\$6,062,973	\$87,302,553	\$167,149,294	\$167,219,951	\$171,201,087	\$175,611,316	\$180,877,005	\$186,253,651	\$192,041,806	\$198,403,338	\$204,501,628	\$210,269,662	\$216,370,272	\$222,972,560	\$229,540,074	\$236,461,199	\$243,657,094	\$251,079,199	\$258,919,144	\$267,098,274	\$275,513,292
Total CCE Generation Revenue Requirement	\$6,778,244	\$100,610,186	\$191,645,765	\$191,808,177	\$195,880,777	\$200,465,986	\$206,019,161	\$195,299,727	\$201,133,794	\$207,567,220	\$213,721,348	\$219,529,618	\$225,667,299	\$232,305,051	\$238,933,846	\$245,896,815	\$253,134,927	\$260,599,253	\$268,481,467	\$276,703,111	\$285,162,670
Bundled SCE Revenues																					
Bundled SCE Revenues	\$13,222,230	\$246,000,134	\$462,690,313	\$476,602,301	\$494,417,741	\$510,735,421	\$530,026,448	\$550,333,342	\$572,141,453	\$594,470,424	\$616,770,113	\$637,141,478	\$658,526,273	\$680,869,244	\$702,056,698	\$725,605,074	\$750,044,967	\$775,447,673	\$801,854,568	\$829,294,440	\$857,637,876
Total CCE Customer Bill Revenues (Power Supply and Delivery)	\$12,680,167	\$235,915,032	\$443,865,280	\$456,869,595	\$473,336,572	\$488,673,425	\$506,842,962	\$525,968,140	\$546,452,655	\$567,524,699	\$588,543,233	\$607,770,036	\$627,923,408	\$648,959,453	\$669,089,958	\$691,296,020	\$714,336,051	\$738,273,377	\$763,146,083	\$788,981,674	\$815,673,277
Savings	\$542,063	\$10,085,102	\$18,825,033	\$19,732,707	\$21,081,169	\$22,061,996	\$23,183,486	\$24,365,202	\$25,688,798	\$26,945,725	\$28,226,879	\$29,371,443	\$30,602,865	\$31,909,791	\$32,966,740	\$34,309,054	\$35,708,916	\$37,174,296	\$38,708,485	\$40,312,767	\$41,964,598
Percent Savings	4.1%	4.1%	4.1%	4.1%	4.3%	4.3%	4.4%	4.4%	4.5%	4.5%	4.6%	4.6%	4.6%	4.7%	4.7%	4.7%	4.8%	4.8%	4.8%	4.9%	4.9%

LA County Community Choice Aggregation

Financial Proforma

Portfolio - RPS

Load Data	2017 Jan - June	2017 July - Dec	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Customer Accounts																					
Domestic	43	279,478	286,656	287,449	290,158	294,277	299,063	305,491	312,692	320,160	328,122	335,746	341,378	347,105	352,928	358,849	364,870	370,991	377,215	383,543	389,978
Commercial	925	27,673	27,902	28,199	28,489	28,718	28,942	29,276	29,511	29,754	30,031	30,222	30,514	30,809	31,107	31,408	31,711	32,018	32,328	32,641	32,957
Industrial	10	135	135	135	135	134	134	134	134	134	134	134	134	134	134	133	133	133	133	133	133
Lighting & Traffic Control	686	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288
Agricultural	64	984	986	989	991	994	997	1,000	1,003	1,005	1,008	1,011	1,014	1,017	1,020	1,023	1,025	1,028	1,031	1,034	1,037
Total Customers	1,728	309,558	316,966	318,060	321,061	325,412	330,424	337,189	344,628	352,341	360,583	368,401	374,328	380,353	386,477	392,701	399,028	405,459	411,995	418,639	425,393
Energy Sales (MWh)																					
Domestic	86	825,737	1,486,894	1,500,905	1,522,211	1,546,971	1,580,223	1,617,470	1,656,100	1,697,285	1,736,723	1,765,859	1,795,484	1,825,607	1,856,234	1,887,376	1,919,040	1,951,236	1,983,971	2,017,256	2,051,099
Commercial	23,544	439,958	828,482	836,747	843,298	849,674	859,196	865,918	872,855	880,765	886,220	894,552	902,966	911,464	920,047	928,716	937,471	946,313	955,243	964,262	973,371
Industrial	42,848	222,120	415,784	415,082	413,882	412,796	413,483	413,405	412,993	413,065	412,935	412,646	412,357	412,068	411,779	411,491	411,203	410,915	410,628	410,341	410,054
Lighting & Traffic Control	12,604	19,547	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444
Agricultural	4,917	55,425	103,471	103,750	104,029	104,310	104,591	104,873	105,156	105,439	105,724	106,009	106,295	106,582	106,870	107,159	107,448	107,739	108,030	108,322	108,615
Total Energy Sales (MWh)	83,998	1,562,787	2,873,075	2,894,927	2,921,864	2,952,194	2,995,937	3,040,110	3,085,547	3,134,997	3,180,045	3,217,509	3,255,546	3,294,165	3,333,375	3,373,185	3,413,606	3,454,646	3,496,316	3,538,625	3,581,583
CCE Operating Costs	2017 Jan - June	2017 July - Dec	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Power Supply	\$5,110,839	\$74,072,864	\$139,247,657	\$143,573,115	\$149,887,088	\$154,656,623	\$160,300,239	\$166,177,870	\$172,701,936	\$179,005,281	\$185,335,719	\$190,997,414	\$197,061,702	\$203,479,087	\$208,779,585	\$215,379,743	\$222,252,573	\$229,434,741	\$236,941,797	\$244,780,164	\$252,847,304
Billing & Data Management	\$12,960	\$2,321,688	\$4,754,496	\$4,770,904	\$4,815,913	\$4,881,173	\$4,956,358	\$5,057,834	\$5,169,415	\$5,285,118	\$5,408,747	\$5,526,017	\$5,614,925	\$5,705,295	\$5,797,151	\$5,890,517	\$5,985,418	\$6,081,880	\$6,179,928	\$6,279,589	\$6,380,890
SCE Fees	\$1,106,742	\$230,000	\$1,559,583	\$1,564,964	\$1,579,727	\$1,601,133	\$1,625,793	\$1,659,077	\$1,695,676	\$1,733,627	\$1,774,177	\$1,812,641	\$1,841,803	\$1,871,445	\$1,901,574	\$1,932,198	\$1,963,325	\$1,994,965	\$2,027,124	\$2,059,813	\$2,093,040
Technical Services	\$715,000	\$715,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000
Staffing	\$380,000	\$1,215,000	\$3,396,600	\$3,464,532	\$3,533,823	\$3,604,499	\$3,676,589	\$3,750,121	\$3,825,123	\$3,901,626	\$3,979,658	\$4,059,251	\$4,140,436	\$4,223,245	\$4,307,710	\$4,393,864	\$4,481,742	\$4,571,376	\$4,662,804	\$4,756,060	\$4,851,181
General & Administrative expenses	\$160,000	\$230,000	\$356,000	\$312,120	\$318,362	\$324,730	\$331,224	\$337,849	\$344,606	\$351,498	\$358,528	\$365,698	\$373,012	\$380,473	\$388,082	\$395,844	\$403,761	\$411,836	\$420,072	\$428,474	\$437,043
Debt Service (CCE Bonds & Start-up Costs)	\$3,514,532	\$3,514,532	\$7,029,064	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532
Start-Up Capital	(\$5,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Uncollectibles	\$58,577	\$478,034	\$911,349	\$916,092	\$948,796	\$974,337	\$1,004,884	\$954,867	\$988,866	\$1,021,928	\$1,055,105	\$1,084,828	\$1,116,367	\$1,149,683	\$1,177,562	\$1,211,862	\$1,247,546	\$1,284,797	\$1,323,693	\$1,364,267	\$1,406,017
Total Operating Costs	\$6,058,650	\$82,777,118	\$158,684,749	\$159,546,259	\$166,028,241	\$170,987,026	\$176,839,620	\$182,882,150	\$189,670,154	\$196,243,610	\$202,856,466	\$208,790,381	\$215,092,779	\$221,753,760	\$227,296,195	\$234,148,558	\$241,278,895	\$248,724,126	\$256,499,951	\$264,612,900	\$272,960,008
Other Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total CCE Revenue Requirement	\$6,058,650	\$82,777,118	\$158,684,749	\$159,546,259	\$166,028,241	\$170,987,026	\$176,839,620	\$182,882,150	\$189,670,154	\$196,243,610	\$202,856,466	\$208,790,381	\$215,092,779	\$221,753,760	\$227,296,195	\$234,148,558	\$241,278,895	\$248,724,126	\$256,499,951	\$264,612,900	\$272,960,008
Average CCE Rate (\$/kWh)		\$0.0503	\$0.0552	\$0.0551	\$0.0568	\$0.0579	\$0.0590	\$0.0602	\$0.0615	\$0.0626	\$0.0638	\$0.0649	\$0.0661	\$0.0673	\$0.0682	\$0.0694	\$0.0707	\$0.0720	\$0.0734	\$0.0748	\$0.0762
Average SCE Generation Rate (\$/kWh)		\$0.0684	\$0.0692	\$0.0709	\$0.0734	\$0.0750	\$0.0767	\$0.0785	\$0.0805	\$0.0823	\$0.0841	\$0.0858	\$0.0875	\$0.0894	\$0.0908	\$0.0926	\$0.0946	\$0.0965	\$0.0986	\$0.1008	\$0.1029
Total CCE Charges																					
SCE Non-bypassable Charges	\$715,270	\$13,307,632	\$24,496,470	\$24,588,226	\$24,679,691	\$24,854,670	\$25,142,156	\$9,046,076	\$9,091,988	\$9,163,882	\$9,219,721	\$9,259,956	\$9,297,027	\$9,332,491	\$9,393,772	\$9,435,616	\$9,477,832	\$9,520,054	\$9,562,324	\$9,604,837	\$9,649,378
CCE Revenue Requirement	\$6,058,650	\$82,777,118	\$158,684,749	\$159,546,259	\$166,028,241	\$170,987,026	\$176,839,620	\$182,882,150	\$189,670,154	\$196,243,610	\$202,856,466	\$208,790,381	\$215,092,779	\$221,753,760	\$227,296,195	\$234,148,558	\$241,278,895	\$248,724,126	\$256,499,951	\$264,612,900	\$272,960,008
Total CCE Generation Revenue Requirement	\$6,773,920	\$96,084,750	\$183,181,219	\$184,134,485	\$190,707,932	\$195,841,697	\$201,981,776	\$191,928,225	\$198,762,142	\$205,407,491	\$212,076,187	\$218,050,337	\$224,389,806	\$231,086,250	\$236,689,967	\$243,584,175	\$250,756,728	\$258,244,180	\$266,062,274	\$274,217,737	\$282,609,386
Other Revenue																					
Bundled SCE Revenues	\$13,222,230	\$246,000,134	\$462,690,313	\$476,602,301	\$494,417,741	\$510,735,421	\$530,026,448	\$550,333,342	\$572,141,453	\$594,470,424	\$616,770,113	\$637,141,478	\$658,526,273	\$680,869,244	\$702,056,698	\$725,605,074	\$750,044,967	\$775,447,673	\$801,854,568	\$829,294,440	\$857,637,876
Total CCE Customer Bill Revenues (Power Supply and Delivery)	\$12,507,756	\$232,707,322	\$437,900,502	\$450,715,892	\$466,905,427	\$482,029,638	\$499,947,775	\$518,808,581	\$538,999,629	\$559,786,926	\$580,518,962	\$599,491,879	\$619,373,431	\$640,121,821	\$660,012,706	\$681,922,162	\$704,653,177	\$728,267,445	\$752,802,338	\$778,285,044	\$804,613,140
Savings	\$714,474	\$13,292,812	\$24,789,811	\$25,886,409	\$27,512,314	\$28,705,783	\$30,078,674	\$31,524,761	\$33,141,824	\$34,683,498	\$36,251,151	\$37,649,600	\$39,152,842	\$40,747,422	\$42,043,993	\$43,682,912	\$45,391,791	\$47,180,229	\$49,052,230	\$51,009,396	\$53,024,736
Percent Savings	5.4%	5.4%	5.4%	5.4%	5.6%	5.6%	5.7%	5.7%	5.8%	5.8%	5.9%	5.9%	5.9%	5.9%	6.0%	6.0%	6.1%	6.1%	6.1%	6.2%	6.2%

LA County Community Choice Aggregation

Financial Proforma

Portfolio - 100% Renewable

Load Data	2017 Jan - June	2017 July - Dec	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Customer Accounts																					
Domestic	43	279,478	286,656	287,449	290,158	294,277	299,063	305,491	312,692	320,160	328,122	335,746	341,378	347,105	352,928	358,849	364,870	370,991	377,215	383,543	389,978
Commercial	925	27,673	27,902	28,199	28,489	28,718	28,942	29,276	29,511	29,754	30,031	30,222	30,514	30,809	31,107	31,408	31,711	32,018	32,328	32,641	32,957
Industrial	10	135	135	135	135	134	134	134	134	134	134	134	134	134	134	133	133	133	133	133	133
Lighting & Traffic Control	686	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288
Agricultural	64	984	986	989	991	994	997	1,000	1,003	1,005	1,008	1,011	1,014	1,017	1,020	1,023	1,025	1,028	1,031	1,034	1,037
Total Customers	1,728	309,558	316,966	318,060	321,061	325,412	330,424	337,189	344,628	352,341	360,583	368,401	374,328	380,353	386,477	392,701	399,028	405,459	411,995	418,639	425,393
Energy Sales (MWh)																					
Domestic	86	825,737	1,486,894	1,500,905	1,522,211	1,546,971	1,580,223	1,617,470	1,656,100	1,697,285	1,736,723	1,765,859	1,795,484	1,825,607	1,856,234	1,887,376	1,919,040	1,951,236	1,983,971	2,017,256	2,051,099
Commercial	23,544	439,958	828,482	836,747	843,298	849,674	859,196	865,918	872,855	880,765	886,220	894,552	902,966	911,464	920,047	928,716	937,471	946,313	955,243	964,262	973,371
Industrial	42,848	222,120	415,784	415,082	413,882	412,796	413,483	413,405	412,993	413,065	412,935	412,646	412,357	412,068	411,779	411,491	411,203	410,915	410,628	410,341	410,054
Lighting & Traffic Control	12,604	19,547	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444	38,444
Agricultural	4,917	55,425	103,471	103,750	104,029	104,310	104,591	104,873	105,156	105,439	105,724	106,009	106,295	106,582	106,870	107,159	107,448	107,739	108,030	108,322	108,615
Total Energy Sales (MWh)	83,998	1,562,787	2,873,075	2,894,927	2,921,864	2,952,194	2,995,937	3,040,110	3,085,547	3,134,997	3,180,045	3,217,509	3,255,546	3,294,165	3,333,375	3,373,185	3,413,606	3,454,646	3,496,316	3,538,625	3,581,583
CCE Operating Costs	2017 Jan - June	2017 July - Dec	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Power Supply	\$6,007,321	\$106,068,728	\$198,408,928	\$201,450,106	\$204,500,269	\$208,262,418	\$212,887,455	\$217,705,763	\$222,563,531	\$227,944,748	\$233,140,721	\$237,747,217	\$242,462,617	\$247,687,986	\$252,644,070	\$258,072,774	\$263,233,933	\$269,375,999	\$274,892,693	\$280,988,647	\$286,983,057
Billing & Data Management	\$12,960	\$2,321,688	\$4,754,496	\$4,770,904	\$4,815,913	\$4,881,173	\$4,956,358	\$5,057,834	\$5,169,415	\$5,285,118	\$5,408,747	\$5,526,017	\$5,614,925	\$5,705,295	\$5,797,151	\$5,890,517	\$5,985,418	\$6,081,880	\$6,179,928	\$6,279,589	\$6,380,890
SCE Fees	\$1,106,742	\$230,000	\$1,559,583	\$1,564,964	\$1,579,727	\$1,601,133	\$1,625,793	\$1,659,077	\$1,695,676	\$1,733,627	\$1,774,177	\$1,812,641	\$1,841,803	\$1,871,445	\$1,901,574	\$1,932,198	\$1,963,325	\$1,994,965	\$2,027,124	\$2,059,813	\$2,093,040
Technical Services	\$715,000	\$715,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000	\$1,430,000
Staffing	\$380,000	\$1,215,000	\$3,396,600	\$3,464,532	\$3,533,823	\$3,604,499	\$3,676,589	\$3,750,121	\$3,825,123	\$3,901,626	\$3,979,658	\$4,059,251	\$4,140,436	\$4,223,245	\$4,307,710	\$4,393,864	\$4,481,742	\$4,571,376	\$4,662,804	\$4,756,060	\$4,851,181
General & Administrative expenses	\$160,000	\$230,000	\$356,000	\$312,120	\$318,362	\$324,730	\$331,224	\$337,849	\$344,606	\$351,498	\$358,528	\$365,698	\$373,012	\$380,473	\$388,082	\$395,844	\$403,761	\$411,836	\$420,072	\$428,474	\$437,043
Debt Service (CCE Bonds & Start-up Costs)	\$3,514,532	\$3,514,532	\$7,029,064	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532	\$3,514,532
Start-Up Capital	(\$5,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Uncollectibles	\$63,059	\$638,013	\$1,207,156	\$1,205,477	\$1,221,862	\$1,242,366	\$1,267,821	\$1,212,506	\$1,238,174	\$1,266,625	\$1,294,130	\$1,318,577	\$1,343,372	\$1,370,727	\$1,396,884	\$1,425,327	\$1,452,453	\$1,484,503	\$1,513,447	\$1,545,310	\$1,576,696
Total Operating Costs	\$6,959,614	\$114,932,961	\$218,141,826	\$217,712,635	\$220,914,488	\$224,860,850	\$229,689,773	\$234,667,682	\$239,781,057	\$245,427,774	\$250,900,493	\$255,773,933	\$260,720,698	\$266,183,703	\$271,380,003	\$277,055,055	\$282,465,162	\$288,865,091	\$294,640,601	\$301,002,425	\$307,266,439
Other Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total CCE Revenue Requirement	\$6,959,614	\$114,932,961	\$218,141,826	\$217,712,635	\$220,914,488	\$224,860,850	\$229,689,773	\$234,667,682	\$239,781,057	\$245,427,774	\$250,900,493	\$255,773,933	\$260,720,698	\$266,183,703	\$271,380,003	\$277,055,055	\$282,465,162	\$288,865,091	\$294,640,601	\$301,002,425	\$307,266,439
Average CCE Rate (\$/kWh)		\$0.0698	\$0.0759	\$0.0752	\$0.0756	\$0.0762	\$0.0767	\$0.0772	\$0.0777	\$0.0783	\$0.0789	\$0.0795	\$0.0801	\$0.0808	\$0.0814	\$0.0821	\$0.0827	\$0.0836	\$0.0843	\$0.0851	\$0.0858
Average SCE Generation Rate (\$/kWh)		\$0.0684	\$0.0692	\$0.0709	\$0.0734	\$0.0750	\$0.0767	\$0.0785	\$0.0805	\$0.0823	\$0.0841	\$0.0858	\$0.0875	\$0.0894	\$0.0908	\$0.0926	\$0.0946	\$0.0965	\$0.0986	\$0.1008	\$0.1029
Total CCE Charges																					
SCE Non-bypassable Charges	\$715,270	\$13,307,632	\$24,496,470	\$24,588,226	\$24,679,691	\$24,854,670	\$25,142,156	\$9,046,076	\$9,091,988	\$9,163,882	\$9,219,721	\$9,259,956	\$9,297,027	\$9,332,491	\$9,393,772	\$9,435,616	\$9,477,832	\$9,520,054	\$9,562,324	\$9,604,837	\$9,649,378
CCE Revenue Requirement	\$6,959,614	\$114,932,961	\$218,141,826	\$217,712,635	\$220,914,488	\$224,860,850	\$229,689,773	\$234,667,682	\$239,781,057	\$245,427,774	\$250,900,493	\$255,773,933	\$260,720,698	\$266,183,703	\$271,380,003	\$277,055,055	\$282,465,162	\$288,865,091	\$294,640,601	\$301,002,425	\$307,266,439
Total CCE Generation Revenue Requirement	\$7,674,884	\$128,240,593	\$242,638,296	\$242,300,861	\$245,594,178	\$249,715,521	\$254,831,928	\$243,713,758	\$248,873,045	\$254,591,656	\$260,120,214	\$265,033,889	\$270,017,725	\$275,516,193	\$280,773,774	\$286,490,671	\$291,942,995	\$298,385,145	\$304,202,925	\$310,607,262	\$316,915,817
Other Revenue																					
Bundled SCE Revenues	\$13,222,230	\$246,000,134	\$462,690,313	\$476,602,301	\$494,417,741	\$510,735,421	\$530,026,448	\$550,333,342	\$572,141,453	\$594,470,424	\$616,770,113	\$637,141,478	\$658,526,273	\$680,869,244	\$702,056,698	\$725,605,074	\$750,044,967	\$775,447,673	\$801,854,568	\$829,294,440	\$857,637,876
Total CCE Customer Bill Revenues (Power Supply and Delivery)	\$14,059,453	\$261,576,714	\$491,583,504	\$506,099,214	\$524,785,738	\$541,823,722	\$562,004,460	\$583,244,616	\$606,076,859	\$629,426,882	\$652,737,405	\$673,995,291	\$696,323,224	\$719,660,507	\$741,707,978	\$766,286,884	\$791,799,049	\$818,320,835	\$845,896,040	\$874,554,708	\$904,154,380
Savings	(\$837,224)	(\$15,576,580)	(\$28,893,191)	(\$29,496,913)	(\$30,367,997)	(\$31,088,301)	(\$31,978,011)	(\$32,911,274)	(\$33,935,406)	(\$34,956,458)	(\$35,967,292)	(\$36,853,812)	(\$37,796,950)	(\$38,791,263)	(\$39,651,280)	(\$40,681,810)	(\$41,754,081)	(\$42,873,162)	(\$44,041,472)	(\$45,260,268)	(\$46,516,504)
Percent Savings	-6.3%	-6.3%	-6.2%	-6.2%	-6.1%	-6.1%	-6.0%	-6.0%	-5.9%	-5.9%	-5.8%	-5.8%	-5.7%	-5.7%	-5.6%	-5.6%	-5.6%	-5.5%	-5.5%	-5.5%	-5.4%

Appendix D – Glossary

aMW: Average annual Megawatt. A unit of energy output over a year that is equal to the energy produced by the continuous operation of one megawatt of capacity over a period of time (8,760 megawatt-hours).

Basis Difference (Natural Gas): The difference between the price of natural gas at the Henry Hub natural gas distribution point in Erath, Louisiana, which serves as a central pricing point for natural gas futures, and the natural gas price at another hub location (such as for Southern California).

Brown Power: Electricity generated from non-renewable sources or that does not come with a Renewable Energy Credit (REC).

Buckets: Buckets 1-3 refer to different types of renewable energy contracts according to the Renewable Portfolio Standards requirements. Bucket 1 are traditional contracts for delivery of electricity directly from a generator within or immediately connected to California. These are the most valuable and make up the majority of the RECS that are required for LSEs to be RPS compliant. Buckets 2 and 3 have different levels of intermediation between the generation and delivery of the energy from the generating resources.

Bundled Customers: Electricity customers who receive all their services (transmission, distribution and supply) from the Investor-Owned Utility.

CAISO: The California Independent System Operator. The organization responsible for managing the electricity grid and system reliability within the former service territories of the three California IOUs.

California Clean Power (CCP): A private company providing wholesale supply and other services to CCEs.

California Energy Commission (CEC): The state regulatory agency with primary responsibility for enforcing the Renewable Portfolio Standards law as well as a number of other, electric-industry related rules and policies.

California Public Utilities Commission (CPUC): The state agency with primary responsibility for regulating IOUs, as well as Direct Access (ESP) and CCE entities.

Capacity Factor: the ratio of an electricity generating resource's actual output over a period of time to its potential output if it were possible to operate at full nameplate capacity continuously over the same period. Intermittent renewable resources, like wind and solar, typically have lower capacity factors than traditional fossil fuel plants because the wind and sun do not blow or shine consistently.

CCEAC: Community Choice Energy Advisory Committee - a committee formed to advise the City of Davis on the best options for pursuing a CCE.

Climate Zone: A geographic area with distinct climate patterns necessitating varied energy demands for heating and cooling.

Coincident Peak: Demand for electricity among a group of customers that coincides with peak total demand on the system.

Community Choice Aggregation: Method available through California law to allow Cities and Counties to aggregate their citizens and become their electric generation provider.

Community Choice Energy: A City, County or Joint Powers Agency procuring wholesale power to supply to retail customers.

Community Choice Partners: A private company providing services to CCEs in California.

Congestion Revenue Rights (CRRs): Financial rights that are allocated to Load Serving Entities to offset differences between the prices where their generation is located and the price that they pay to serve their load. These rights may also be bought and sold through an auction process. CRRs are part of the CAISO market design.

Demand Response (DR): Electric customers who have a contract to modify their electricity usage in response to requests from a utility or other electric entity. Typically, will be used to lower demand during peak energy periods, but may be used to raise demand during periods of excess supply.

Direct Access: Large power consumers which have opted to procure their wholesale supply independently of the IOUs through an Electricity Service Provider.

EEI (Edison Electric Institute) Agreement: A commonly used enabling agreement for transacting in wholesale power markets.

Electric Service Providers (ESP): An alternative to traditional utilities. They provide electric services to retail customers in electricity markets that have opened their retail electricity markets to competition. In California the Direct Access program allows large electricity customers to opt-out of utility-supplied power in favor of ESP-provided power. However, there is a cap on the amount of Direct Access load permitted in the state.

Electric Tariffs: The rates and terms applied to customers by electric utilities. Typically have different tariffs for different classes of customers and possibly for different supply mixes.

Enterprise Model: When a City or County establish a CCE by themselves as an enterprise within the municipal government.

Federal Tax Incentives: There are two Federal tax incentive programs. The Investment Tax Credit (ITC) provides payments to solar generators. The Production Tax Credit (PTC) provides payments to wind generators.

Feed-in Tariff: A tariff that specifies what generators who are connected to the distribution system are paid.

Forward Prices: Prices for contracts that specify a future delivery date for a commodity or other security. There are active, liquid forward markets for electricity to be delivered at a number of Western electricity trading hubs, including NP15 which corresponds closely to the price location which the City of Davis will pay to supply its load.

Implied Heat Rate: A calculation of the day-ahead electric price divided by the day-ahead natural gas price. Implied heat rate is also known as the ‘break-even natural gas market heat rate,’ because only a natural gas generator with an operating heat rate (measure of unit efficiency) below the implied heat rate value can make money by burning natural gas to generate power. Natural gas plants with a higher operating heat rate cannot make money at the prevailing electricity and natural gas prices.

Integrated Resource Plan: A utility's plan for future generation supply needs.

Inter-continental Exchange (ICE): The main electronic trading platform for trading wholesale electricity and gas contracts in the United States. (Also handles trading in other commodities and securities.)

Investor-Owned Utility: For profit regulated utilities. Within California there are three IOUs - Pacific Gas and Electric, Southern California Edison and San Diego Gas and Electric.

ISDA (International Swaps and Derivatives Association): Popular form of bilateral contract to facilitate wholesale electricity trading.

Joint Powers Agency (JPA): A legal entity comprising two or more public entities. The JPA provides a separation of financial and legal responsibility from its member entities.

Lancaster Choice Energy (LCE): The most recent California CCE to go-live, exclusively serving the City of Lancaster in Southern California.

LEAN Energy (Local Energy Aggregation Network): A not-for-profit organization dedicated to expanding Community Choice Aggregation nationwide.

Load Forecast: A forecast of expected load over some future time horizon. Short-term load forecasts are used to determine what supply sources are needed. Longer-term load forecasts are used for budgeting and long-term resource planning.

Marginal Unit: An additional unit of power generation to what is currently being produced. At and electric power plant, the cost to produce a marginal unit is used to determine the cost of increasing power generation at that source.

MCE: Formerly Marin Clean Energy - the first CCE in California serving Cities within and the Counties of Marin and Napa.

MRTU: CAISO's Market Redesign and Technology Upgrade. The redesigned, nodal (as opposed to zonal) market that went live in April of 2009.

Net Energy Metering: The program and rates that pertain to electricity customers who also generate electricity, typically from rooftop solar panels.

Non-Coincident Peak: Energy demand by a customer during periods that do not coincide with maximum total system load.

NP15: Refers to a wholesale electricity pricing hub - North of Path 15 - which roughly corresponds to PG&E's service territory. Forward and Day-Ahead power contracts for Northern California typically provide for delivery at NP15. It is not a single location, but an aggregate based on the locations of all the generators in the region.

On-Bill Repayment (OBR): Allows electric customers to pay for financed improvements such as energy efficiency measures through monthly payments on their electricity bills.

Operate on the Margin: Operation of a business or resource at the limit of where it is profitable.

Opt-Out: Community Choice Aggregation is, by law, an opt-out program. Customers within the borders of a CCE are automatically enrolled within the CCE unless they proactively opt-out of the program.

Power Cost Indifference Adjustment (PCIA): A charge applied to customers who leave IOU service to become Direct Access or CCE customers. The charge is meant to compensate the IOU for costs that it has previously incurred to serve those customers.

PPA (Power Purchase Agreement): The standard term for bilateral supply contracts in the electricity industry.

Renewable Energy Credits (RECs): The renewable attributes from RPS-qualified resources which must be registered and retired to comply with RPS standards.

Resource Adequacy (RA): The requirement that a Load-Serving Entity own or procure sufficient generating capacity to meet its peak load plus a contingency amount (15 percent in California) for each month.

RPS (Renewable Portfolio Standards): The state-based requirement to procure a certain percentage of load from RPS-certified renewable resources.

Scheduling Coordinator: An entity that is approved to interact directly with CAISO to schedule load and generation. All CAISO participants must be or have an SC.

Scheduling Agent: A person or service that forecasts and monitors short term system load requirements and meets these demands by scheduling power resource to meet that demand.

Sonoma Clean Power (SCP): A CCE serving Sonoma County and Sonoma County Cities.

Spark Spread: The theoretical gross margin of a gas-fired power plant from selling a unit of electricity, having bought the fuel required to produce this unit of electricity. All other costs (capital, operation and maintenance, etc.) must be covered from the spark spread.

Supply Stack: Refers to the generators within a region, stacked up according to their marginal cost to supply energy. Renewables are on the bottom of the stack and peaking gas generators on the top. Used to provide insights into how the price of electricity is likely to change as the load changes.

Weather Adjusted: Normalizing energy use data based on differences in the weather during the time of use. For instance, energy use is expected to be higher on extremely hot days when air conditioning is in higher demand than on days with comfortable temperature. Weather adjustment normalizes for this variation.

Western Electric Coordinating Council (WECC): The organization responsible for coordinating planning and operation on the Western electric grid.

Wholesale Power: Large amounts of electricity that are bought and sold by utilities and other electric companies in bulk at specific trading hubs. Quantities are measured in MWs, and a standard wholesale contract is for 25 MW for a month during heavy-load or peak hours (7am to 10 pm, Mon-Sat), or light-load or off-peak hours (all the other hours).

WSPP (Western States Power Pool) Agreement: Common, standardized enabling agreement to transact in the wholesale power markets.

Los Angeles Community Choice Energy (LACCE)
Phase 1 Summary Milestone Schedule

Task Name	2015			2016												2017		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Task Force Meetings	◆		◆		◆		◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
Acquire SCE Data (three phases)		◆ Order	◆ 1st	◆ 2nd	◆ Final													
Business Plan				Draft ◆							◆ Final							
JPA Governing Documents											◆ Final							
Board Approves Ordinance/Resolution											◆ Authorization							
Implementation Plan/Statement of Intent											◆ Submit to CPUC							
JPA Formation											◆ Complete							
Marketing and Outreach																		
Negotiate Financing/Line of Credit																		
Energy Services/Data Management								RFQ ◆				◆ Contracts						
CPUC Certification and Launch Date Set													◆ Certification by CPUC					
Cities Opt-In for Municipal Buildings													◆ Deadline					
Negotiate Power Contracts													◆ Contracts					
Finalize Cost of Service and Rates														◆				
Execute SCE Service Agreement*											◆							
Integration with SCE																		
Initial Opt-Out Notices													1st ◆	2nd ◆				
Phase 1 Service Begins															◆ Phase 1 Launch			
Final Opt-Out Notices																1st ◆	◆ 2nd	

* Includes all required forms and Binding Letter of Intent.

Start-Up LACCE Cash Needs for CY 2016						
	August	September	October	November	December	Total
IOU Fees (including Billing)	\$780	\$0	\$0	\$2,938	\$6,203	\$9,921
Consultants						
PFM	\$25,000	\$25,000	\$25,000	\$25,000	\$0	\$100,000
Legal/Regulatory	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Financial	\$25,000	\$25,000	\$25,000	\$25,000	\$50,000	\$150,000
Advertising/Communication				\$10,000	\$10,000	\$20,000
Services	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
Staffing	\$45,000	\$55,000	\$55,000	\$55,000	\$55,000	\$265,000
General & Admin	\$45,000	\$35,000	\$25,000	\$25,000	\$25,000	\$155,000
CPUC Bond	\$0	\$100,000	\$0	\$0	\$0	\$100,000
SCE Bond (Phase 1 & 2)	\$0	\$259,930	\$0	\$0	\$0	\$259,930
Total Budget	\$210,780	\$569,930	\$200,000	\$212,938	\$216,203	\$1,409,851

ORDINANCE NO. XXX

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OXNARD, CALIFORNIA AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM WITH THE LOS ANGELES COMMUNITY CHOICE ENERGY JOINT POWERS AUTHORITY AND APPROVING THE RELATED JOINT POWERS AGREEMENT

WHEREAS, the City of Oxnard seeks to secure energy services in the City which are greener and cost effective for residents and businesses; and

WHEREAS, cleaner energy for residents and businesses is consistent with the City's 2013 Energy Action Plan; and

WHEREAS, Los Angeles County has established a Joint Powers Agreement (JPA) for the execution of Community Choice Energy (CCE) and has expanded the program to cities throughout Southern California.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Findings. The City of Council of the City of Oxnard does hereby make the following findings:

A. The Los Angeles Community Choice Energy Joint Powers Authority ("LACCE JPA") is a joint powers authority established for the purpose of studying, promoting, developing, conducting, operating and managing energy and energy-related climate change programs including but not limited to implementing a community choice aggregation program under California Public California Public Utilities Code Section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation ("CCA").

B. The Act expressly authorizes participation in a CCA program through a joint powers agency, and to this end the County of Los Angeles ("County") has been participating since 2015 in the evaluation of a CCA program for the County and the cities and towns within it.

C. The LACCE JPA has developed the Los Angeles Community Choice Energy Authority Joint Powers Agreement ("Joint Powers Agreement") (attached hereto as Exhibit A) in order to accomplish the following:

1. To form a Joint Powers Authority (JPA) known as "Los Angeles Community Choice Energy JPA"; and

2. To specify the terms and conditions by which participants may participate as a group in energy programs including, but not limited to, the preliminary implementation of a CCA program.

D. The City of Oxnard ("City") has been investigating options to provide electric

services to constituents within its service area with the intent of achieving greater local involvement over the provisions of electric services and promoting competitive and renewable energy.

E. Community Choice Aggregation, by and through the LACCE JPA, appears to provide a reasonable opportunity to accomplish all of the following:

1. To provide greater levels of local involvement in and collaboration on energy decisions;
2. To increase significantly, the amount of renewable energy available to LACCE JPA energy customers;
3. To provide initial price stability, long-term electricity cost savings, and other benefits for the community; and
4. To reduce greenhouse gases that are emitted by creating electricity for the community.

F. The Act requires CCA program participants to individually adopt an ordinance ("CCA Ordinance") electing to implement a CCA program within its jurisdiction by and through its participation in the LACCE JPA.

G. The City desires to join the LACCE JPA and participate in its CCA program.

H. The Joint Powers Agreement expressly allows the City to withdraw its membership in the LACCE JPA (and its participation in the CCA program) prior to the actual implementation of a CCA program through Program Agreement.

I. This Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308.) The Planning Director shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA Guidelines.

SECTION 2. The City Council finds that the above findings are true and correct.

SECTION 3. Authorization. Based upon the foregoing and to provide businesses and residents within the City of Oxnard with a choice of power providers, the City of Oxnard hereby: (a) elects to implement a community choice aggregation program within the

jurisdiction of the City by participating in the Community Choice Aggregation program of the LACCE JPA, as described in its Joint Powers Agreement; and (b) approves the City's execution of the LACCE JPA Joint Powers Agreement (see Attachment A).

SECTION 4. Severability. If any part of this Ordinance, or the application thereof to any person or circumstances, is for any reason held invalid by a court of competent jurisdiction, the validity of the remainder of this Ordinance, or the application of such provision to other persons or circumstances, shall not be affected.

SECTION 5. The City Clerk shall certify as to the adoption of the ordinance and shall cause a summary of the ordinance to be published within fifteen (15) calendar days of the adoption and shall post a certified copy of the ordinance, including the vote for and against the same, in the office of the City Clerk in accordance with Government Code Section 36933/ Ordinance No. _____ was first read on _____, 2018, and finally adopted on _____, 2018, to become effective thirty days thereafter.

AYES:

NOES:

ABSENT:

ABSTAIN:

Tim Flynn, Mayor

ATTEST:

Michelle Ascencion, City Clerk

APPROVED AS TO FORM:

Stephen Fischer, City Attorney

ATTACHMENT A
JOINT POWERS AGREEMENT

L.2.d

LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY JOINT

POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement"), effective as of _____, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in Exhibit A.

RECITALS

1. The Parties are public agencies sharing various powers under California laws, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
2. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local government to develop programs to reduce greenhouse emissions.
3. The purposes for the Initial Participants (as such term is defined in Section 2.3 below) entering into this Agreement include addressing climate change by reducing energy related greenhouse gas emissions and securing energy supply and price stability; energy efficiencies and local economic benefits, such as jobs creation, community energy programs; and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.
4. The Parties desire to establish a separate public agency, known as the Los Angeles Community Choice Energy Authority ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Initial Participants have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.
6. By establishing the Authority, the Parties seek to:
 - (a) Develop an electric supply portfolio with overall lower greenhouse gas intensity and lower greenhouse gas (GHG) emissions than Southern California Edison ("SCE"), and one that supports the achievement of the parties' greenhouse gas reduction goals and the comparable goals of all participating jurisdictions;

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

- (b) Establish an energy portfolio that encourages the use and development of cost-effective local renewable and distributed energy resources and that discourages the use unbundled renewable energy credits;
- (c) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (d) Provide electricity rates that are lower or at worst competitive with those offered by SCE for similar products;
- (e) Offer differentiated energy options (e.g. 33% or 50% qualified renewable) for default service, and a 100% renewable content option in which customers may "opt-up" and voluntarily participate;
- (f) Achieve quantifiable economic benefits to the region;
- (g) Recognize the value of current workers in existing jobs that support the energy infrastructure of Los Angeles County and Southern California (e.g. union and prevailing wage jobs, local workforce development, apprenticeship programs, and local hire). The Authority, as a leader in the shift to clean energy, commits to ensuring it will take steps to minimize any adverse impacts to these workers to ensure a "just transition" to the new clean energy economy;
- (h) Support a stable, skilled workforce through such mechanisms as project labor agreements, collective bargaining agreements, or community benefit agreements, or other workforce programs that are designed to avoid work stoppages, ensure quality, and benefit local residents by delivering cost-effective clean energy programs and projects (e.g. new energy programs and increased local energy investments);
- (i) Promote supplier and workforce diversity, including returning veterans and those from disadvantaged and under-represented communities, to better reflect the diversity of the region;
- (j) Promote personal and community ownership of renewable resources, spurring equitable economic development and increased resilience, especially in low income communities;
- (k) Provide and manage its energy portfolio and products in a manner that provides cost savings to customers and promotes public health in areas impacted by energy production;
- (l) Ensure that low-income households and communities are provided with affordable and flexible energy options, including the provision of energy discounted rates to eligible low-income households;
- (m) Recognize and address the importance of healthy communities, including those disproportionately affected by air pollution and climate change;

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

- (n) Use program revenues to provide energy-related programs and services; and
- (o) Create an administering Authority that is financially sustainable, responsive to regional priorities, well-managed, and a leader in fair and equitable treatment of employees.

1. DEFINITIONS

- 1.1 "AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.
- 1.2 "Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).
- 1.3 "Agreement" means this Joint Powers Agreement.
- 1.4 "Authority" means Los Angeles Community Choice Energy Authority.
- 1.5 "Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.
- 1.6 "Board" means the Board of Directors of the Authority.
- 1.7 "Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.
- 1.8 "CCA Program" means the Authority's program relating to CCA that is principally described in Section 2.4 (Purpose) of this Agreement.
- 1.9 "Days" shall mean calendar days unless otherwise specified by this Agreement.
- 1.10 "Director" means a member of the Board representing a Party, including up to two alternate Directors appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.
- 1.11 "Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.
- 1.12 "Initial Costs" means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of the executive, technical, and any administrative staff, any required accounting, administrative, technical and legal services in support of the Authority's initial formation activities or in support of the negotiation, preparation and approval of

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

power purchase agreements. The Board shall determine the termination date for the Initial Costs.

- 1.13 "Initial Participants" means, for purpose of this Agreement, the County of Los Angeles, and the cities of _____, and any other Parties joining in accordance with Section 2.3 (Initial Participants) of this Agreement.
- 1.14 "Operating Policies and Procedures" means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.
- 1.15 "Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions in Section 2.3 (Initial Participants) or Section 2.5 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.
- 1.16 "Party" means, singularly, a signatory to this Agreement that has satisfied the conditions in Section 2.3 (Initial Participants) or Section 2.5 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.
- 1.17 "Public Agency" as defined in the Act includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, a county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to the Act.

2. FORMATION OF LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY

2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by the County of Los Angeles and at least one other public agency after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.3 (Mutual Termination) of this Agreement, subject to the rights of the Parties to withdraw from the Authority.

2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency which is named Los Angeles Community Choice Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing body of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. The jurisdiction of the

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

Authority shall be all territory within the geographic boundaries of the Parties; however the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary and incidental to the accomplishment of its purpose.

- 2.3 **Initial Participants.** In addition to Parties executing this Agreement on or prior to the Effective Date, any incorporated municipality, county, or other eligible public agency may become a Party and recognized as an Initial Participant provided during the first 180 days after the Effective Date it executes this Agreement and delivers an executed copy of this Agreement and a copy of the adopted ordinance required by Public Utilities Code Section 366.2(c)(12) to the Authority. All Initial Participants to this Agreement shall be required to commence electric service as soon as practicable, as determined by the Board.

- 2.4 **Purpose.** The purpose and objectives of this Agreement are to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide a means by which the Parties can more effectively develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of the Parties and their constituents, including, but not limited to, establishing and operating a Community Choice Aggregation program.

- 2.5 **Addition of Parties.** After 180 days from the Effective Date any incorporated municipality, county, or other public agency may become a Party to this Agreement if all of the following conditions are met:
 - 2.5.1 The adoption of a resolution of the Board admitting the public agency to the Authority;

 - 2.5.2 The adoption by an affirmative vote of the Board satisfying the requirements described in Section 4.10 (Board Voting) of this Agreement, of a resolution authorizing membership into the Authority and establishing its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership;

 - 2.5.3 The adoption by the public agency of an ordinance required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the public agency;

 - 2.5.4 Payment of the membership payment, if any; and

 - 2.5.5 Satisfaction of any reasonable conditions established by the Board.

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

Pursuant to this Section 2.5 (Addition of Parties), all parties shall be required to commence electric service as soon as is practicable, as determined by the Board, as a condition to becoming a Party to this Agreement.

- 2.6 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added, as described in Section 2.5 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

3. **POWERS**

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties and which are necessary or convenient to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement. As provided in the Act, the Authority shall be a public agency separate and apart from the Parties.
- 3.2 **Specific Powers.** The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following:
- 3.2.1 make and enter into contracts;
 - 3.2.2 employ agents and employees, including but not limited to an Executive Director;
 - 3.2.3 acquire, contract, manage, maintain, and operate any buildings, works or improvements;
 - 3.2.4 acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;
 - 3.2.5 lease any property;
 - 3.2.6 sue and be sued in its own name;
 - 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
 - 3.2.8 issue revenue bonds and other forms of indebtedness;

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

- 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
- 3.2.10 form independent corporations or entities, if necessary to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;
- 3.2.11 submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority ("Operating Policies and Procedures"); and
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.
- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it as a matter of law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the County of Los Angeles.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of the Parties unless the governing body of a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority. In addition, pursuant to the Act, no Director shall be personally liable on the bonds or subject to any personal liability or accountability by reason of the issuance of bonds.

3.6 **Compliance with the Political Reform Act and Government Code**

Section 1090. The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

4. GOVERNANCE

- 4.1 **Board of Directors.** The governing body of the Authority shall be a Board of Directors ("Board") consisting of one director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

Agreement. The Board, in consultation with the Executive Director, may determine at any time to consider options to reduce the size of the Board if it determines that the efficient functioning and operation of the Board would be improved by having a smaller number of Directors. Any such change to the size of the Board would require amendment of this Joint Powers Agreement in accordance with Section 4.11 (Special Voting).

4.2 Appointment and Removal of Directors. The Directors shall be appointed and may be removed as follows:

4.2.1 The governing body of each Party shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The governing body of each Party shall appoint and designate in writing up to two alternate Directors who may vote on matters when the regular Director is absent from a Board meeting. The person appointed and designated as the regular Director shall be an elected or appointed member of the governing body of the Party. The persons appointed and designated as the alternate Directors may be an elected or appointed member of the governing body of the Party, an appointed member of an advisory body of the Party, a staff member of the Party or a member of the public who meets the criteria below. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.

(a) Any alternate Director that is a member of the public must have demonstrated knowledge in energy-related matters through significant experience in either: 1) an electric utility or company, agency, or nonprofit providing services to a utility, 2) a regulatory agency or local government body overseeing an electric utility or a company, agency, or nonprofit providing services to such an agency, 3) an academic or nonprofit organization engaged in research and/or advocacy related to the electric sector.

4.2.2 The Operating Policies and Procedures, to be developed and approved by the Board in accordance with Section 3.2.12 (Specific Powers), shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Directors have been removed may appoint a replacement.

4.3 Terms of Office. Each regular and alternate Director shall serve at the pleasure of the governing body of the Party that the Director represents, and may be removed as Director by such governing body at any time. If at any time a vacancy occurs on the Board, the affected Party shall appoint to fill the position of

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

the previous Director within 90 days of the date that such position becomes vacant.

4.4 Purpose of Board. The general purpose of the Board is to:

- 4.4.1 Provide structure for administrative and fiscal oversight;
- 4.4.2 Retain an Executive Director to oversee day-to-day operations;
- 4.4.3 Retain legal counsel;
- 4.4.4 Identify and pursue funding sources;
- 4.4.5 Set policy;
- 4.4.6 Maximize the utilization of available resources; and
- 4.4.7 Oversee all Committee activities.

4.5 Specific Responsibilities of the Board. The specific responsibilities of the Board shall be as follows:

- 4.5.1 Identify Party needs and requirements;
- 4.5.2 Formulate and adopt the budget prior to the commencement of the fiscal year;
- 4.5.3 Develop and implement a financing and/or funding plan for ongoing Authority operations;
- 4.5.4 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
- 4.5.5 Adopt rules for procuring supplies, equipment, and services;
- 4.5.6 Adopt rules for the disposal of surplus property;
- 4.5.7 Establish standing and ad hoc committees as necessary to ensure that the interests and concerns of each Party are represented and to ensure operational, technical, and financial issues are thoroughly researched and analyzed;
- 4.5.8 The setting of retail rates for power sold by the Authority and the setting of charges for any other category of retail service provided by the Authority;
- 4.5.9 Termination of the CCA Program;

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

- 4.5.10 Address any concerns of consumers and customers;
 - 4.5.11 Conduct and oversee Authority audits at intervals not to exceed three years;
 - 4.5.12 Arrange for an annual independent fiscal audit;
 - 4.5.13 Adopt such bylaws, rules and regulations as are necessary or desirable for the purposes hereof; provided that nothing in the bylaws, rules and regulations shall be inconsistent with this Agreement;
 - 4.5.14 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as the Board may elect to delegate to the Executive Director; and
 - 4.5.15 Discharge other duties as appropriate or required by statute.
- 4.6 **Startup Responsibilities.** The Authority shall have the duty to do the following within one year of the Effective Date of the Agreement:
- 4.6.1 To adopt an implementation plan prepared by the County of Los Angeles, pursuant to Public Utilities Code Section 366.2(c)(3), for electrical load aggregation;
 - 4.6.2 To prepare a statement of intent, pursuant to Public Utilities Code Section 366.2(c)(4), for electrical load aggregation;
 - 4.6.3 To encourage other qualified public agencies to participate in the Authority;
 - 4.6.4 To obtain financing and/or funding as is necessary or desirable;
 - 4.6.5 To evaluate the need for, acquire, and maintain insurance.
- 4.7 **Meetings and Special Meetings of the Board.** The Board shall hold at least one regular meeting per year but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law.
- 4.8 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.9 **Quorum; Approvals.** A majority of the Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT

law. The affirmative votes of a majority of the Directors who are present at the subject meeting shall be required to take any action by the Board.

4.10 Board Voting.

4.10.1 Percentage Vote. Each Director shall have one vote. Action of the Board on all matters shall require an affirmative vote of a majority of all Directors who are present at the subject meeting, except when a supermajority vote is expressly required by this Agreement. When a supermajority vote is required under Section 4.11 (Special Voting), action of the Board shall require an affirmative vote of the specified supermajority of all Directors who are present at the subject meeting. All votes taken pursuant to this Section 4.10.1 shall be referred to as a percentage vote. Notwithstanding the foregoing, in the event of a tie in a percentage vote, the Board can break the tie and act upon an affirmative voting shares vote as described in section 4.10.2 (Voting Shares Vote).

4.10.2 Voting Shares Vote. In addition to and immediately after an affirmative percentage vote three or more Directors may request that a vote of the voting shares shall be held. In such event, the corresponding voting shares, as described in section 4.10.3, of all Directors voting in order to take an action shall exceed 50%, or such other higher voting shares percentage expressly required by this Agreement or the Operating Policies and Procedures of all Directors who are present at the subject meeting. All votes taken pursuant to this Section 4.10.2 shall be referred to as a voting shares vote. In the event that any one Director has a voting share that equals or exceeds that which is necessary to disapprove the matter being voted on by the Board, at least one other Director shall be required to vote in the negative in order to disapprove such matter. When a voting shares vote is held, action by the Board requires both an affirmative percentage vote and an affirmative voting shares vote.

4.10.3 Voting Shares Formula. When a voting shares vote is requested by three or more Directors, voting shares of the Directors shall be determined by the following formula:

(Annual Energy Use/Total Annual Energy) multiplied by 100, where (a) "Annual Energy Use" means (i) with respect to the first two years following the Effective Date, the annual electricity usage, expressed in kilowatt hours ("kWh"), within the Party's respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage, expressed in kWh, of accounts within a Party's respective jurisdiction that are served by the Authority and (b) "Total Annual Energy" means the sum of all Parties' Annual Energy Use.

LOS ANGELES COMMUNITY CHOICE ENERGY – JOINT POWERS AGREEMENT**4.11 Special Voting.**

4.11.1 Except as provided below, matters that require Special Voting as described in this Section shall require 72 hours prior notice to any Brown Act meeting or special meeting. Two-thirds vote (or such greater vote as required by state law) of the appointed Directors shall be required to take any action on the following:

- (a) Change the designation of Treasurer or Auditor of the Authority;
- (b) Issue bonds or other forms of debt;
- (c) Exercise the power of eminent domain, subject to prior approval by the passage of an authorizing ordinance or other legally sufficient action by the affected Party; and
- (d) Amend this Agreement or adopt or amend the bylaws of the Authority. At least 30 days advance notice shall be provided for such actions. The Authority shall also provide prompt written notice to all Parties of the action taken and enclose the adopted or modified documents.

5. INTERNAL ORGANIZATION

5.1 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall sign all contracts on behalf of the Authority, and shall perform such other duties as may be imposed by the Board. In the absence of the Chair, the Vice-Chair shall sign contracts and perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter. Succeeding officers shall perform the duties normal to said offices.

5.2 **Secretary.** The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority.

5.3 **Treasurer.** The Board shall appoint a qualified person to act as the Treasurer, who need not be a member of the Board. Unless otherwise exempted from such

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requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6506 of the Act. The Treasurer shall act as the depositary of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Board may require the Treasurer to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time.

- 5.4 **Auditor.** The Board shall appoint a qualified person to act as the Auditor, who shall not be a member of the Board. The Board may require the Auditor to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested the Authority shall pay the cost of premiums associated with the bond.
- 5.5 **Executive Director.** The Board shall appoint an Executive Director for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Executive Director may exercise all powers of the Authority, except those powers specifically reserved to the Board including but not limited to those set forth in Section 4.5 (Specific Responsibilities of the Board) of this Agreement or the Operating Policies and Procedures, or those powers which by law must be exercised by the Board. The Executive Director may enter into and execute any Energy Contract, in accordance with criteria and policies established by the Board.
- 5.6 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.7 **Other Employees/Agents.** The Board shall have the power by resolution to hire employees or appoint or retain such other agents, including officers, loan-out employees, or independent contractors, as may be necessary or desirable to carry-out the purpose of this Agreement.
- 5.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this

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Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.

- 5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

5.9.1 The Board shall establish the following Advisory Committees:

- (a) **Executive Committee.** The Board shall establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the Executive Committee's such authority as the Board might otherwise exercise, except that the Board may not delegate authority regarding certain essential functions, including but not limited to, approving the fiscal year budget or hiring or firing the Executive Director, and other functions as provided in the Operating Policies and Procedures. The Board may not delegate to the Executive Committee or any other committee its authority under Section 3.2.12 to adopt and amend the Operating Policies and Procedures.
- (b) **Finance Committee.** The Board shall establish a finance committee consisting of a smaller number of Directors. The primary purpose of the Finance Committee is to review and recommend to the Board:
 - (1) A funding plan;
 - (2) A fiscal year budget;
 - (3) Financial policies and procedures to ensure equitable contributions by Parties;
 - (4) Such other responsibilities as provided in the Operating Policies and Procedures, including but not limited to policies, rules and regulations governing investment of surplus funds, and selection and designation of financial institutions for deposit of Authority funds.
- (c) **Community Advisory Committee.** The Board shall establish a community advisory committee comprised of members of the

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public representing key stakeholder communities. The primary purpose of the Community Advisory Committee shall be to provide a venue for ongoing citizen support and engagement in the operations of the Authority.

(d) **Meetings of the Advisory Committees.** All meetings of the Advisory Committees shall be held in accordance with the Ralph M. Brown Act. For the purposes of convening meetings and conducting business, unless otherwise provided in the bylaws, a majority of the members of the Advisory Committee shall constitute a quorum for the transaction of business, except that less than a quorum or the secretary of each Advisory Committee may adjourn meetings from time-to-time. As soon as practicable, but no later than the time of posting, the Secretary of the Advisory Committee shall provide notice and the agenda to each Party, Director and Alternate Directors.

(e) **Officers of Advisory Committees.** Unless otherwise determined by the Board, each Advisory Committee shall choose its officers, comprised of a Chairperson, a Vice-Chairperson and a Secretary.

6. IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

6.1 Preliminary Implementation of the CCA Program.

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall cause to be prepared and secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. .

6.1.3 **Termination of CCA Program.** Nothing contained in this Section 6 or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to the Operating Policies and Procedures, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The

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Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

7. FINANCIAL PROVISIONS

7.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

7.2 **Depository.**

7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6506 of the Act.

7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Policies and Procedures. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

7.3 **Budget and Recovery Costs.**

7.3.1 **Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with the Operating Policies and Procedures.

7.3.2 **Funding of Initial Costs.** Subject to the approval of the Board of Supervisors, the County of Los Angeles has agreed to provide up to \$10 million for funding Initial Costs in establishing the Authority and implementing the CCA Program. In the event that the CCA Program becomes operational, the County of Los Angeles shall be reimbursed for the Initial Costs. The County and the Authority will execute an agreement specifying the terms and conditions of the Initial Costs provided by the

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County, including but not limited to: (a) Repayment of this amount, which shall be first priority in relation to all other indebtedness of the Authority; and (b) authorization for the County Auditor-Controller to conduct an audit of the Authority's books and records (including personnel records, as necessary) and/or investigation, following reasonable advance notice from the County, to ensure compliance with the terms and conditions of the agreement. The Authority may establish a reasonable time period over which such costs are recovered. In the event that the CCA Program does not become operational, the County shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any other Party.

7.3.3 **Program Costs.** The Parties desire that, to the extent reasonably practicable, all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through charges to CCA customers receiving such electric services.

7.3.4 **General Costs.** Costs that are not directly or indirectly attributable to the provision of electric services under the CCA Program, as determined by the Board, shall be defined as general costs. General costs shall be shared among the Parties on such bases as the Board shall determine pursuant to the Authority documents.

7.4 **Contributions.** Parties are not required under this Agreement to make any financial contributions. Consumers may subscribe as customers of the Authority pursuant to the Act and outside of this Agreement and through their on-bill selections.

7.4.1 A Party may, in the appropriate circumstance, and when agreed-to:

- (a) Make contributions from its treasury for the purposes set forth in this Agreement;
- (b) Make payments of public funds to defray the cost of the purposes of the Agreement and Authority;
- (c) Make advances of public funds for such purposes, such advances to be repaid as provided by written agreement; or
- (d) Use its personnel, equipment or property in lieu of other contributions or advances.
- (e) No Party shall be required to adopt any tax, assessment, fee or charge under any circumstances.

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- 7.5 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties.
- 7.6 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.

8. **WITHDRAWAL AND TERMINATION**

8.1 **Withdrawal**

- 8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's governing board.
- 8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective 180 days after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority should the amendment be approved by the Board.
- 8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.4 (Continuing Liability; Refund) of this Agreement, including, but not limited to, Power Purchase Agreements. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Operating Policies and Procedures shall prescribe the rights if any of a withdrawn Party to continue to participate in those Board

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discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party.

8.2 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or the Authority Documents upon an affirmative vote of the Board in which the minimum percentage vote and percentage voting shares, as described in Section 4.10 (Board Voting) of this Agreement, shall be no less than 67% excluding the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.4 (Continuing Liability; Refund) of this Agreement. In the event that the Authority decides to not implement the CCA Program, the minimum percentage vote of 67% shall be conducted in accordance with Section 4.10 (Board Voting) of this Agreement.

8.3 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.

8.4 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party's membership in the Authority through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities arising after the date of the Party's withdrawal or involuntary termination. In addition, such Party also shall be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party.

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- 8.5 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, and after payment of all obligations of the Authority, the Board:

8.5.1 May sell or liquidate Authority property; and

8.5.2 Shall distribute assets to Parties in proportion to the contributions made by the existing Parties.

Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

9. MISCELLANEOUS PROVISIONS

- 9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation or arbitration in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section 9.1 (Dispute Resolution). In the event that nonbinding mediation or arbitration is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation or arbitration is made, any Party and the Authority may pursue any remedies provided by law.

- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee.

The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees.

- 9.3 **Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority, the Parties and the public. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts and omissions of the Authority under this Agreement.

- 9.4 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal

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place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (4) by any other reasonable method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.

All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by “first class” mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.5 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.6 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 9.6 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 9.6 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.7 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.8 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.9 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.10 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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- 9.11 **No Third Party Beneficiaries.** This Agreement and the obligations hereunder are not intended to benefit any party other than the Authority and its Parties, except as expressly provided otherwise herein. No entity that is not a signatory to this Agreement shall have any rights or causes of action against any party to this Agreement as a result of that party's performance or non-performance under this Agreement, except as expressly provided otherwise herein.
- 9.12 **Filing of Notice of Agreement.** Within 30 days after the Effective Date, or amendment thereto, the Secretary shall cause to be filed with the Secretary of State the notice of Agreement required by the Act.

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed and attested by its proper officers thereunto duly authorized, its official seals to be hereto affixed, as follows:

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CITY COUNCIL
AGENDA REPORT

TYPE OF ITEM: Report

AGENDA ITEM NO.: 1

DATE: February 27, 2018

TO: City Council

THROUGH: Scott Whitney
Interim City Manager

A handwritten signature in blue ink, appearing to read "S. Whitney".

FROM: Ashley Golden
Development Services Director

SUBJECT: Harbor Maintenance Agreement and Payment of Utility Fees (5/15/15)

CONTACT: Ashley Golden, Development Services Director
Ashley.Golden@oxnard.org, 385-7882

RECOMMENDATION:

That the City Council:

1. Approve a Memorandum of Agreement (MOA) with the County of Ventura (County) as it relates to operations and maintenance responsibilities in Channel Islands Harbor;
2. Authorize the payment of utility services and maintenance of park and median landscape improvements until March 31st, or until the Board of Supervisors takes action on the subject agreement, whichever occurs first; and
3. Authorize payment of utility services provided by the Channel Islands Beach Community Services District within the Channel Islands Harbor for park and median landscaping and maintenance of bathrooms through the term of the subject agreement.

BACKGROUND

On November 19, 1963, the County of Ventura (County) and the City of Oxnard (City) entered into an agreement (Agreement) related to the development of a Channel Islands Harbor. The Agreement rose out of the County's need for infrastructure to facilitate the development of the Harbor. In exchange for the City providing all or a portion of these improvements, the County agreed to annex the land portion of the Harbor into the City. By virtue of this Agreement and the annexation, the City receives the local share of sales, property or possessory interest, and

Harbor Maintenance Agreement and Payment of Utility Fees (5/15/15)

February 27, 2018

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transient occupancy taxes, along with business license and other fees. The City has received this income as the Harbor has developed since 1963.

Examples of improvements constructed and costs borne by the City included:

- A sewer interceptor and lift station on the new Harbor peninsula with City funds, with half of this cost later reimbursed on a pro rata basis by Lessees in the Harbor.
- Additional sewer facilities were built, as and when needed, with ongoing maintenance funded through fees charged to customers.
- A water main on the Peninsula to the parcel at the location of the former Casa Sirena Hotel and Lobster Trap Restaurant.
- Trash containers at all public parking areas, parks, and other publicly owned facilities supplied and maintained by the City at no cost to the County, with trash pickup for the County's Harbor lessees provided on a normal fee basis.
- Maintenance and operation of public parks and related parking lots, after fifty percent (50%) cost sharing on initial development.
- Police and fire services within the City's incorporated area.

In the 52 years that followed, there were seven amendments and two time extensions to the Agreement, as well as a separate lease agreement in 1976 for City Fire Station 6 located on Peninsula Road at the intersection of Channel Islands Boulevard. In 2013, the parties extended the Agreement for one year to November 2014 in order to negotiate terms of a new agreement.

In December 2014, both parties agreed to extend the 1963 Agreement to March 18, 2015 to allow staff of both agencies to continue to work on a new agreement which would focus exclusively on the matters of ongoing maintenance responsibilities as well as provide clarity as to land use and building permit authority of the two parties. During these efforts, a residents group has made recommendations to the Channel Islands Harbor Task Force (CIHTF) to craft a new agreement which would look strategically at broader issues of public participation in the County's Harbor development and planning process, a new governance model for the administration of the Harbor and entire Mandalay Bay area, and a review of Harbor Patrol services levels. It was the consensus of all parties that it would be prudent to craft a new agreement which clarified roles and responsibilities established under the 1963 Agreement and defer the broader issues for further discussion by the Task Force and ultimately with the County staff.

The draft 2015 MOA also included a license agreement that would grant the County the right to enter, improve, and maintain the traffic median at the intersection of Channel Islands Boulevard and Harbor Boulevard. The license agreement is not part of the 2017/2018 discussions with the County.

Although the Agreement expired and the City and County had not entered into the Memorandum of Agreement, the City continued maintenance of the landscaped portion of specific parks within the Harbor (including certain restrooms), and the street medians within the Harbor, as well as continuing to pay the associated utilities costs. These associated costs were included as part of

the City's adopted budgets, and the continued maintenance helped ensure that these amenities were properly maintained and available to benefit the residents of the City of Oxnard and visitors to the City of Oxnard while there were continued discussions between the City and County relating to Harbor-related issues.

Current Proposal

The draft MOA was transmitted to the County on November 14, 2017. The County sent a letter to the City on January 17, 2018 indicating they would like the Council to reconsider the 2015 draft MOA, not the subject MOA.

On February 8th staff presented the draft MOA to the CIHTF. About 40 community members attended this meeting and provided feedback on the draft MOA. Representatives from Supervisor Zaragoza's office, the County CEO's office, and the Harbor Department were present at the meeting. The community was generally supportive of the draft MOA, and ultimately the CIHTF recommend Council approve the subject MOA. The CIHTF wanted council to consider the community feedback prior to taking action. The major discussion points were:

- Adding Marina Park to the areas the City would maintain; and
 - The community felt the park was highly used by the Oxnard residents and should be maintained as a City Park. Staff agrees with the community and recommends including maintenance in the MOA. If the Fisherman's Wharf project proceeds, the maintenance of the park should be reevaluated.
- Removing Channel View Park from the areas the City would maintain; and
 - The Community expressed that this area was not highly used by Oxnard residents. Staff supports the removal of this area from the MOA.
- Shortening the term of the agreement.
 - Some community members expressed a desire to shorten the term of the agreement to 2 or 3 years. The desire for this change was to keep the County engaged so we could have forward move on two larger issues the community would like addressed – Harbor Patrol costs and the governance structure of the Harbor area. Although staff understands why the community would like to shorten the term of the agreement, staff recommends keeping the term at 5 years. If the term were to be shortened, negotiations would start up within a few months and wouldn't allow staff, or the community, to truly evaluate the impact of the new agreement.

One of the concerns raised at the CIHTF was a question of who was currently maintaining Peninsula Park. What happens today, and what the subject MOA continues, is that the City would maintain the park land, maintenance of the bathrooms, and maintenance of the parking area associated with Peninsula Park. The meeting space, shower area, and other amenities not directly related to maintenance of the bathrooms would continue to be the responsibility of the

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County. Capital improvements would be the responsibility of the County, which is consistent with the 2015 agreement that was presented to the City Council and subsequently approved by the Board of Supervisors (although not approved by the City Council). Maintenance in this park, and Channel View and/or Marina Park is inclusive of responsibilities like picking up and emptying trash receptacles, mowing the lawn, hedging, irrigation, cleaning restrooms, stocking restrooms with supplies, and the like.

If City Council does not approve the MOA by March 31, 2018, then the City would cease the maintenance of the landscaped portion of specific parks within the Harbor (including certain restrooms) as of March 31, 2018, and the County would not present the MOA to their Board. If Council approves the subject agreement by March 31, 2018 the Board would need to take subsequent action to have the agreement be legally binding.

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

FINANCIAL IMPACT

The new agreement extends the current service levels for landscape and parking lot maintenance provided by the City of Oxnard. The new agreement provides for cost recovery for City planning and building services, and for solid waste services to Harbor lessees. The Harbor also receives other general municipal and public safety services on an incremental basis. Staff's analysis is that the revenue received from taxes on uses within the Harbor cover the cost of the direct services provided. Sufficient funds for the maintenance and utility costs of the area are available within the Maintenance Services division budget.

ATTACHMENTS:

Attachment A. 2018 Memorandum of Agreement Draft

Attachment B. 2018 Harbor Maintenance Areas

**MEMORANDUM OF AGREEMENT BETWEEN CITY OF OXNARD AND
COUNTY OF VENTURA REGARDING CHANNEL ISLANDS HARBOR**

This Memorandum of Agreement (“MOA”) is made and entered into this ____ day of _____, 2017, by and between the City of Oxnard, a municipal corporation (“City”), and the County of Ventura, a political subdivision of the State of California (“County”) (collectively referenced as “the Parties”).

WITNESSETH:

WHEREAS, in 1963, the Parties entered into an Annexation Agreement (“Agreement”) that provided for the annexation of certain unincorporated land then within the County by City, which land County owns in fee and has since developed as Channel Islands Harbor, a small craft harbor adjacent to the Pacific Ocean and lying between Harbor Boulevard to the west and Victoria Avenue to the east, south of Channel Islands Boulevard (“Channel Islands Harbor”); and

WHEREAS, pursuant to the terms of the Agreement (as amended), the City agreed to maintain specific portions of the landside area of the Channel Islands Harbor (as that term is later defined) and the County agreed that the City would issue all building permits within the Channel Islands Harbor; and

WHEREAS, although the Agreement expired in 2015, the Parties now wish to enter into this MOA to address some of the issues originally covered by the Agreement; and

WHEREAS, the City specifically finds that providing City maintenance of public streets within Channel Islands Harbor and of Peninsula Park and Channel View Park fulfils a public purpose and provides for the public health, safety and welfare of the City’s residents.

NOW, THEREFORE, the Parties agree as follows:

Definitions

Landside: The land area of Channel Islands Harbor located within the City.

Waterside: The unincorporated water area of the Channel Islands Harbor.

Maintenance: The routine and customary care and replacement of grounds, buildings, irrigation systems, lighting, and pavement, and the like, not requiring significant outlays of capital.

Capital Improvement: The installation, construction or reconstruction of public improvements.

City and County Maintenance and Service Obligations within Channel Islands Harbor

1. City shall maintain Peninsula Park and Channel View Park within Channel Islands Harbor. Said maintenance shall be at no cost to the County and shall be at the same frequency and service level as provided to other City parks located outside of Channel Islands Harbor. Notwithstanding any language in this MOA to the contrary, capital re-investment or

**MEMORANDUM OF AGREEMENT BETWEEN CITY OF OXNARD AND
COUNTY OF VENTURA REGARDING CHANNEL ISLANDS HARBOR**

replacement of public facilities desired by the County at Peninsula Park and Channel View Park shall be the responsibility of the County.

2. The City shall maintain public streets within the Channel Islands Harbor. Said maintenance shall be at no cost to the County and shall be at the same frequency and service level as provided to City streets located outside of Channel Islands Harbor. During the term of this MOA, capital re-investment or replacement of public streets within the Channel Islands Harbor shall be the responsibility of the City.

3. The City shall provide and service refuse containers to control litter and service public refuse needs at Peninsula Park and Channel View Park at no cost to the County.

4. At no cost to the County, the City shall maintain public street lighting located directly adjacent to public streets within Channel Islands Harbor and lighting at Peninsula Park and Channel View Park. During the term of this MOA, capital re-investment or replacement of such public street lighting and lighting shall be the responsibility of the City.

5. It is the City's position that, because the landside of the Channel Islands Harbor is located within the corporate boundaries of the City and based upon past pattern and practice, all development that is not a County project used solely for a public purpose must first obtain all building permits from the City. It is the County's position that the County is the proper agency to issue all building permits within the landside portion of the Channel Island Harbor. Reserving the City and County's respective rights and legal positions regarding this matter, during the term of this MOU and any extensions thereof, the County agrees that all development within the landside portion of the Channel Island Harbor shall first obtain building permits from the City unless the development is a County project used solely for a public purpose.

General Requirements and Conditions

6. Neither the City nor any officer or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by County or its officers and employees under or in connection with any work, authority, jurisdiction, or delegation of power to County made pursuant to the terms of this MOA. Pursuant to Government Code section 895.4, County shall fully indemnify and hold City harmless from any and all liability imposed for any injury (as defined in Government Code section 810.8) occurring by reason of anything done or omitted to be done by County or its officers and employees under or in connection with any work, authority, jurisdiction, or delegation of power to County pursuant to the terms of this MOA.

7. Neither the County nor any officer or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by City or its officers and employees under or in connection with any work, authority, jurisdiction, or delegation of power to City made pursuant to the terms of this MOA. Pursuant to Government Code section 895.4, City shall fully indemnify and hold County harmless from any and all liability imposed for any injury (as defined in Government Code section 810.8) occurring by reason of anything done or omitted to be done by City or its officers and employees under or in connection with any work, authority, jurisdiction, or delegation of power to City pursuant to the

**MEMORANDUM OF AGREEMENT BETWEEN CITY OF OXNARD AND
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terms of this MOA.

8. The term of this MOA shall be for a period of five (5) years, commencing on the date this MOA is executed by both Parties, and may be extended for an additional five (5) years upon mutual agreement by the Parties. The Parties' respective obligations pursuant to Sections 1 through 5 shall cease upon the expiration or termination of this MOA.

9. In the event that any provision or provisions of this MOA are adjudged to be for any reason unenforceable or invalid, it is the specific intent of the Parties that the remaining provisions of this MOA be and remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this MOA to be executed by the parties' authorized officials in Ventura County, California, on the date(s) set forth above.

CITY OF OXNARD

COUNTY OF VENTURA

By: _____
Tim Flynn, Mayor

By: _____
John C. Zaragoza
Chair, Board of Supervisors

ATTEST:

ATTEST: Michael Powers
Clerk of the Board of Supervisors
County of Ventura, State of California

By: _____
Michelle Ascencion, City Clerk

By: _____
Deputy Clerk of the Board

APPROVED AS TO FORM:

Stephen Fischer, City Attorney



**Proposed Oxnard
Maintenance Areas**

February 2018



Parks

- ① **Peninsula Park**
 - Building
 - Landscaping
 - Restroom Services
 - Lighting & Public Walkway
 - Trash Collection
 - Irrigation
- ② **Channel View Park**
 - Landscaping
 - Parking Lot Pavement
 - Trash Collection
 - Sidewalks
 - Irrigation



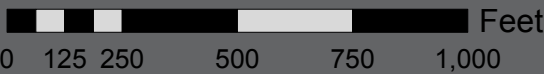
Parking Lots



Roadways



Restrooms



Created By: Salvador Mancha
February 12, 2018