TO: HONORABLE MAYOR VASQUEZ AND MEMBERS OF THE CITY COUNCIL
FROM: OFFICE OF THE CITY MANAGER
BY: MOHAMMAD MOSTAHKAMI, P.E., DIRECTOR OF PUBLIC WORKS
DATE: NOVEMBER 14, 2017
SUBJECT: ADOPTION OF ORDINANCE APPROVING THE JOINT POWERS AGREEMENT WITH THE COUNTY OF LOS ANGELES ESTABLISHING THE LOS ANGELES COMMUNITY CHOICE AGGREGATION AUTHORITY

RECOMMENDATION

That the City Council:

1. Adopt Ordinance of the City Council approving the Joint Powers Agreement (JPA) for Los Angeles Community Choice Energy and authorizing the implementation of a Community Choice Aggregation Program

BACKGROUND/DISCUSSION

City Council at their meeting of October 24, 2017 introduced the attached ordinance approving the Joint Powers Agreement (JPA) for Los Angeles Community Choice Energy (LACCE) and authorizing the implementation of a Community Choice Aggregation Program and furthermore designated Council member Alex Saab, Mayor ProTem Sean Ashton and Council member Rick Rodriguez as LACCE JPA Board member and Alternate Board members respectively representing the City.

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). CCA is not a municipal utility as the IOU will continue to provide transmission and distribution services, power line maintenance, and even customer billing services. CCA allows cities to aggregate the buying power of individual customers within a defined jurisdiction in order to secure alternative energy supply contracts on a community wide basis. The goal of a CCA is to offer the local public more choices about where their energy comes from. Electricity customers in jurisdictions that become part of the CCA are automatically enrolled. However, they have the right to opt out and continue to get power purchased by the IOU (Southern California Edison in this case).

In California, Marin Clean Energy was the first CCA program, followed by Sonoma Clean Power. They have been able to save their customers money on electricity costs, while also providing higher levels of renewable energy content. Other areas, including Lancaster, San Francisco, and San Mateo County have formed or are in the process of forming CCA programs as well. Once created, the LACCE would not only be the first CCA program in Southern California, but would also be the largest in California. To date cities of Rolling Hills Estates,
South Pasadena, Calabasas, West Hollywood, Sierra Madre and Alhambra have joined LA County Community Choice Aggregate program with many others scheduling it for adoption.

The LACCE team has formed a Task Force made up of municipal, labor, and industry stakeholders to help guide development and governance of a regional CCA. LACCE’s Business Plan completed in June 2016 and updated in April 2017 (copy attached) states that the program will be able to save money for customers on power that meets California’s current renewable portfolio standard, while providing up to 100% renewable electricity from sources such as solar, wind, bio-energy, geothermal, and hydroelectric. It is currently projected that a 50% renewable energy content will cost less than SCE rates, which provide a lower renewable energy content. The higher content levels will most likely cost the same, if not more than SCE rates.

The business plan analysis evaluates the cost and resulting rates of operating LACCE, and compares these rates to an updated 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.

The following tables from the Business Plan (copy attached) reflect estimated rates for “Conservative Scenario” and “Most Likely Scenario” for Power Supply based on 50% percent and 100 % renewable power:

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>Customer Type</th>
<th>SCE Basic</th>
<th>LACCE RPS</th>
<th>SCE 50% Renewable</th>
<th>LACCE 50% Renewable</th>
<th>SCE 100% Renewable</th>
<th>LACCE 100% Renewable</th>
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<tr>
<td>Residential</td>
<td>Domestic</td>
<td>17.2</td>
<td>16.3</td>
<td>18.9</td>
<td>16.5</td>
<td>20.7</td>
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<td>Commercial</td>
<td>16.6</td>
<td>15.7</td>
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<td>GS-2</td>
<td>Commercial</td>
<td>15.7</td>
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<td>Industrial</td>
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<td>13.4</td>
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<td>TOU-8 Secondary</td>
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<tr>
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<td>LACCE Savings vs. SCE Basic</td>
<td>5.3%</td>
<td>4.1%</td>
<td>-6.3%</td>
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<tr>
<td>LACCE Savings vs. SCE Equivalent</td>
<td>5.3%</td>
<td>-13.7%</td>
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Based on the above table LACCE customers are expected to see approximately 5.3% lower than SCE in the portfolio meeting Renewable Portfolio Standard (RPS), 4.1% to 4.2% lower than SCE with 50% renewable power supply and 6.3% higher than SCE with 100% renewable power supply.

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 (UUT).

LACCE will establish rates sufficient to recover all costs related to operation of the CCA. 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 financial analysis assumes a phased-in schedule and assumes that the implementation costs are largely financed via a start-up loan. LACCE potentially provides lower 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.
Cities joining the LACCE CCA Program benefit from the following:

- LA County has provided a $10 million interest free loan to cover the startup costs of power purchase.
- City is shielded from liability and obligations of LACCE by virtue of the JPA.
- LA County helps oversee the program on behalf of JPA member cities through a well-qualified consultant team and the impact on city staff is minimal.
- LACCE is expected to have the lowest customer rates due to economies of scale.
- Joining LACCE early would allow the City to influence the direction of LACCE which has the potential to be the largest CCA.
- No cost to the city to join during the open enrollment period which is to expire on Dec 27, 2017 and
- LACCE has been built by incorporating the best practices and lessons learned from existing and successful JPA CCA’s in Northern California

The LACCE’s implementation program anticipated to occur in three (3) phases. First phase includes providing electrical service to LA County municipal facilities (January 2018); the second phase anticipated to occur six months later and adds City municipal facilities, and City and County commercial and industrial customers (no later than July 2018); and the third and last phase will be to add City and County residential customers (no later than January 2019). The primarily purpose in phasing-in the program is to provide time to address any issues that may arise and to continuously refine program details prior to its launch countywide.

The LACCE JPA meets first Thursday of each month at 1 or 2 pm and city representative(s) may participate by conference call/webinar.

FISCAL IMPACT

The LACCE has the potential to provide significant cost savings to residents, businesses and the City by providing lower utility rates. This would however result in a decrease in UUT revenue. There is potential for the decreased General Fund revenues which would be partially offset by the decrease in costs to the General Fund for the municipality’s own energy use. SCE Rule 20 A funding will not be impacted.

There are no upfront costs to join the CCA, outside of some minor staff time, as the County is providing up to $10 million for a startup loan that will be recovered in the CCA rates.

Attachments:
- Attachment 1 – Ordinance, JPA Agreement (Exhibit A) and Business Plan (Exhibit B)
- Attachment 2 - Los Angeles County Choice Energy Outreach Material and FACT SHEET
ORDINANCE NO. ___

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DOWNEY APPROVING THE JOINT POWERS AGREEMENT FOR LOS ANGELES COMMUNITY CHOICE ENERGY AND AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

NOW, THEREFORE, THE CITY COUNCIL OF DOWNEY DOES HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The City of Downey has been actively 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.

SECTION 2. On September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, ch. 838; see 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.

SECTION 3. The Act expressly authorizes participation in a Community Choice Aggregation (CCA) program through a joint powers agency, and to this end the County has been participating since 2015 in the evaluation of a CCA program for the County and the cities and towns within it.

SECTION 4. Through Docket No. R.03-10-003, the California Public Utilities Commission has issued various decisions and rulings addressing the implementation of Community Choice Aggregation programs, including the recent issuance of a procedure by which the California Public Utilities Commission will review "Implementation Plans," which are required for submittal under the Act as the means of describing the Community Choice Aggregation program and assuring compliance with various elements contained in the Act.

SECTION 5. Representatives from the City along with representatives of its JPA partners have 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:

(a) To form a Joint Powers Authority (JPA) known as "Los Angeles Community Choice Energy" and

(b) 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 Community Choice Aggregation program.

SECTION 6. Representatives from the City along with its partner JPA members have developed a Business Plan (attached hereto as Exhibit B) that describes the formation of Los Angeles Community Choice Energy and the Community Choice Aggregation program to be implemented by and through the LACCE Authority.

SECTION 7. A final Implementation Plan will be submitted for review and adoption by the Board of Directors of the LACCE Authority as soon after the formation of the Authority as reasonably practicable.
SECTION 8. As described in the Business Plan, Community Choice Aggregation by and through the LACCE Authority appears to provide a reasonable opportunity to accomplish all of the following:

(a) To provide greater levels of local involvement in and collaboration on energy decisions.

(b) To increase significantly the amount of renewable energy available to LACCE energy customers,

(c) To provide initial price stability, long-term electricity cost savings and other benefits for the community, and

(d) To reduce greenhouse gases that are emitted by creating electricity for the community.

SECTION 9. The Act requires Community Choice Aggregation program participants to individually adopt an ordinance ("CCA Ordinance") electing to implement a Community Choice Aggregation program within its jurisdiction by and through its participation in the LACCE Authority.

SECTION 10. The Joint Powers Agreement expressly allows the City to withdraw its membership in the LACCE Authority (and its participation in the Community Choice Aggregation program) prior to the actual implementation of a Community Choice Aggregation program through Program Agreement.

SECTION 11. If any section, subsection, paragraph, sentence, clause or phrase of this Ordinance is declared by a court of competent jurisdiction to be unconstitutional or otherwise invalid, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have adopted this Ordinance, and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, phrases, or portions be declared invalid or unconstitutional.

SECTION 12. The City Clerk shall certify to the adoption of this Ordinance and cause the same to be published in the manner prescribed by law.
APPROVED AND ADOPTED this ____ day of ______________, 2017.

FERNANDO VASQUEZ, Mayor

ATTEST:

MARIA ALICIA DUARTE, CMC
Interim City Clerk

STATE OF CALIFORNIA  )
COUNTY OF LOS ANGELES) ss:
CITY OF DOWNNEY      )

I HEREBY CERTIFY that the foregoing Ordinance No. ____ was introduced at a regular meeting of the City Council of the City of Downey held on the ____ day of ______________, 2017 and adopted at a regular meeting of the City Council of the City of Downey held on the ____ day of ______________, 2017, by the following vote, to wit:

AYES: Council Members:
NOES: Council Members:
ABSENT: Council Member:
ABSTAIN: Council Member:

I FURTHER CERTIFY that a Summary of the foregoing Ordinance No. ____ was published in the Downey Patriot, a newspaper of general circulation in the City of Downey, on ______________, 2017 (after introduction), and on ______________, 2017 (after adoption, including the vote thereon). It was also posted in the regular posting places in the City of Downey on the same dates.

MARIA ALICIA DUARTE, CMC
Interim City Clerk
LOS ANGELES COMMUNITY CHOICE ENERGY AUTHORITY

JOINT POWERS AGREEMENT

This Joint Powers Agreement (the “Agreement”), effective as of October 24, 2017, 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;
(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 of 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;
(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
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 South Pasadena, Rolling Hills Estates, West Hollywood, Calabasas 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
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.
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;
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
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;
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;
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
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:

\[(\text{Annual Energy Use/Total Annual Energy}) \times 100\]

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:
(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
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
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
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.**
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.
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.
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
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
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.
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.
CITY OF DOWNEY

By: ____________________________
    FERNANDO VASQUEZ, Mayor

ATTEST:

By: ____________________________
    MARIA ALICIA DUARTE, CMC
    Interim City Clerk

APPROVED AS TO FORM:

By: ____________________________
    YVETTE M. ABICH GARCIA
    City Attorney
Exhibit A – Members

The following entities are Parties of the Los Angeles Community Choice Energy Authority:

1. County of Los Angeles
2. City of Rolling Hills Estates
3. City of South Pasadena
4. City of Calabasas
5. City of West Hollywood
Los Angeles Community Choice Energy

Business Plan Update

April 17, 2017

Prepared by:

EES Consulting, Inc.

A registered professional engineering and management consulting firm

www.eesconsulting.com

570 Kirkland Way, Suite 100
Kirkland, WA 98033
Telephone: (425) 889-2700
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background</td>
<td>1</td>
</tr>
<tr>
<td>Updated Findings</td>
<td>1</td>
</tr>
<tr>
<td>Phase-In Assumptions</td>
<td>1</td>
</tr>
<tr>
<td>Load Forecast</td>
<td>2</td>
</tr>
<tr>
<td>SCE Rate Forecast</td>
<td>2</td>
</tr>
<tr>
<td>Power Supply</td>
<td>3</td>
</tr>
<tr>
<td>Proforma Analysis</td>
<td>11</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>12</td>
</tr>
<tr>
<td>Financing</td>
<td>13</td>
</tr>
<tr>
<td>Rates</td>
<td>13</td>
</tr>
<tr>
<td>Risks</td>
<td>15</td>
</tr>
<tr>
<td>Summary</td>
<td>19</td>
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</table>
Background

On September 15, 2015, the Board of Supervisors ("Board") of the County of Los Angeles ("County") instructed the County’s Internal Services Department (ISD) and the Chief Executive Officer (CEO) to assess the feasibility of establishing a Community Choice Aggregation (CCA) for County unincorporated areas, with the potential to expand to other public agencies within the County. The County fulfilled that directive by issuing the County of Los Angeles Community Choice Energy Business Plan ("Business Plan") on July 28, 2016.

On September 27, 2016, the Board directed the CEO, Chief Sustainability Officer, County Counsel, and ISD to form a Joint Powers Authority (JPA) with other interested public agencies, negotiate a governance structure, and determine an operations plan. As part of those negotiations, the CEO requested that the information in the Business Plan be updated to reflect current market prices, regulatory fees, and operational plans to provide potential LACCE JPA member agencies with the most accurate possible assessment of LACCE’s financial outlook. This document ("Business Plan Update") details the changed inputs, assumptions, and outcomes.

Updated Findings

- Power supply costs are approximately 21% lower than in the initial business plan due to lower renewable and market price projections.
- It is assumed that LA County provides the initial working capital funding during FY 2018. LA County is then reimbursed by the end of the fiscal year using funds obtained by LACCE once financing has been obtained. This plan does not assume vendor funding; however, it is estimated that cash working capital can be reduced by approximately 50% if LACCE can negotiate a delayed payment contract with power supply vendors (i.e. vendors do not get paid until revenues have been received).
- The residential PCIA increased from $0.00098 to $0.00776 per kWh and is projected to continue to increase in the next few years. Non-residential PCIA rates increased by a similar margin.
- There is no significant cost saving between a 75% residential/65% non-residential participation scenario and a 95% residential/85% non-residential participation scenario because the administrative costs are minor compared to the power supply costs and non-bypassable charges vary based on load.
- Updated projected rates for two scenarios were developed: 75% residential/65% non-residential participation scenario and a 95% residential/85% non-residential participation scenario. The projected rates can be found in the tables below:

Phase-In Assumption

This Business Plan Update assumes LACCE will launch in January 2018 with the same phase-in strategy that was used in the original Business Plan:
- Phase 1 include County-owned facilities within the unincorporated County areas
- Phase 2 serves all customers located in the unincorporated County
- Phase 3 serves all customers within LACCE

Exhibit 1 summarizes the potential load, demand, revenue, and account information for each assumed phase.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Start</th>
<th>Eligibility</th>
<th>Customer Accounts</th>
<th>Peak Load (MW)</th>
<th>Average Load aMW</th>
<th>LACCE Annual Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>January 2018</td>
<td>LA County Facilities in Unincorporated Area</td>
<td>1,728</td>
<td>40</td>
<td>20</td>
<td>$25M</td>
</tr>
<tr>
<td>Phase 2</td>
<td>July 2018</td>
<td>All Unincorporated Customers</td>
<td>306,930</td>
<td>900</td>
<td>440</td>
<td>$180M</td>
</tr>
<tr>
<td>Phase 3</td>
<td>To Be Determined</td>
<td>All Customers</td>
<td>1,497,747</td>
<td>7,000</td>
<td>3,000</td>
<td>$1,200M</td>
</tr>
</tbody>
</table>

Depending on the Cities joining LACCE, LACCE may launch a different combination of accounts for Phase 2 such as commercial and industrial accounts operating within the unincorporated County and in any other participating public agencies. Modeling those accounts for this Business Plan Update would have presented two challenges. First, because it remains uncertain which cities will participate in the LACCE JPA, it would be impossible to determine the load, demand, and number of accounts. Second, the specific accounts to include in Phase 2 depends on the total load in LACCE in order to ensure a smooth transition from SCE to LACCE. This Business Plan Update therefore provides an update of LACCE’s rates based on the implementation plan listed in Exhibit 1.

**Load Forecast**

This business plan assumes launch in January 2018. The load forecast was updated to reflect projected loads and participation rates. This Business Plan Update models two CCA participation scenarios. The first scenario (“Conservative Participation Scenario”) modeled participation rates of 75 percent for residential customers and 65 percent for non-residential customers. The second scenario (“Most Likely Participation Scenario”) assumed 95% participation for residential customers and 85% for non-residential customers which is based on the average participation of all currently operating CCAs in California.

**SCE Rate Forecast**

Southern California Edison’s (SCE) rates are updated based on the January 1, 2017 posted rates. In addition, the Power Charge Indifference Adjustment (PCIA) is also updated as of January 1, 2017. An updated PCIA forecast was also developed to reflect expected changes in renewable resource benchmarking costs. Exhibit 2 shows the updated PCIA rate forecast used.
In addition to the PCIA, SCE’s generation and distribution rates were updated for each rate class.

**Power Supply**

The forecast cost of power was updated to reflect the most recent trends in the power market. Natural gas-fired power plants define the base power price in southern California and throughout the Western Energy Coordinating Council (WECC) footprint as they serve as the marginal resource. As the market price of electricity is usually set by the cost of the marginal unit, EES developed a wholesale market price forecast using a forecast of natural gas prices and projected market-implied heat rates or spark spreads.

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

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

1. Forward prices for natural gas at Henry Hub are available through December 2029.
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 2022. After December 2022, the monthly southern California basis differentials are assumed to escalate at the same escalation rate at which Henry Hub forward prices escalate or near 2.3 percent on average.
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.
7. Forecast market prices are escalated 3.8 percent annually beginning in 2030.

Based on the methodology detailed above, southern California wholesale market prices are projected to escalate annually at an average rate of 3.3 percent over the 20-year period from 2018 through 2037.

Exhibit 3 below shows the forecast southern California natural gas prices included in the calculation of forecast southern California market prices. **Projected 2018-25 gas prices are approximately 21 percent lower than those included in the first draft of the business plan.**

![Exhibit 3](image)

Exhibit 4 shows the resulting monthly southern California wholesale market price forecast. The levelized value of market prices over the study period is $34.6/MWh assuming a 4 percent discount rate. This is a decrease of nearly $5/MWh and 12 percent from the levelized value of $39.5/MWh included in the first draft of the business plan.
Wholesale power prices were used to calculate balancing market purchases and sales. When the LACCA’s loads are greater than its resource capabilities, the LACCA’s scheduling agent will schedule balancing purchases and the LACCA will incur balancing market purchase costs. When the LACCA’s loads are less than its resource capabilities, the LACCA’s scheduling agent will transact balancing sales and the LACCA will receive market sales revenue. Balancing market purchases and sales can be transacted on a monthly, daily and hourly pre-schedule basis.

Exhibit 5 shows the 20-year levelized resource costs included in the study. In the first draft of the business plan the “spot market” and “market PPA” costs were $39.5/MWh and $41.5/MWh, respectively, or 12 percent greater than those shown below. The costs shown below for “renewable resource”, “brown resources” and “local renewables” are the same as those included in the first draft of the business plan.

Energy Efficiency, Demand Response, and Distributed Energy Resources

The power supply forecast does not account for the extensive investment in local conservation and resource programs that LACCE will make. This assumption was employed because of the uncertainty around the timeframe, type, and scale of the programs that LACCE will deploy as these must be voted on by the JPA board. However, these programs are expected to be extensive.
Updated Resource Portfolios

An updated load forecast was input to the power supply cost calculations. As a result, the resource portfolios and associated costs were updated. Below is a summary of the revised portfolios. There was no change to the amount of renewable and non-renewable resource targets, only a change in the amount of energy required to achieve those targets due to the change in the load forecast.

Portfolio 1: Meet Current RPS Requirements

In the first portfolio, the CCA would 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

Exhibit 6 shows the power supply portfolio used to serve load in Portfolio 1 with the revised load forecast. In the first draft of the business plan total purchased power requirements were 436 aMW in final year of the 20-year study period compared to the 479 aMW shown below in 2037.
The green bars shown in Exhibit 6 above increase each year along with California’s RPS requirements.

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

In this portfolio, the 50% renewable energy purchase requirement in the RPS is effectively moved up from 2030 to October 2016. Exhibit 7 shows the breakdown of power purchases under portfolio 2 with the revised load forecast. The total power purchase requirements are the same as those shown above in Exhibit 6, including a total purchase requirement of 479 aMW in 2037.
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. Exhibit 8 below shows the resource mix used to serve load in Portfolio 3 with the revised load forecast. The total power purchase requirements are the same as those shown above in Exhibits 6 and 7, including a total purchase requirement of 479 aMW in 2037.
As shown above, there is a small amount of market PPA and brown resource power included in Portfolio 3 due to distribution and transmission system losses. The renewable energy requirements in the state’s RPS are based on retail energy sales. To be consistent it was assumed that the 100% renewable energy target would only apply to retail energy sales, not total power purchase requirements.

20-Year Levelized Portfolio Costs

20-year levelized costs were calculated for the three resource portfolios described above using base case resource costs and the revised load forecast. Exhibit 9 below shows a breakdown of power, ancillary service and scheduling costs associated with each portfolio.
The 20-year levelized cost shown above for portfolio 1 ("RPS") is $2/MWh less than the cost included in the first draft of the business plan. The 20-year levelized cost shown above for portfolio 2 ("50% Renewables") is $1/MWh less than the cost included in the first draft of the business plan. The 20-year levelized cost shown above for portfolio 3 ("100% Renewables") is $1/MWh greater than the cost included in the first draft of the business plan.

Since wholesale market prices decreased in the revised power supply cost calculations one would expect the 20-year levelized costs shown above to have decreased in all cases, including the "100% Renewables" case, compared to the first draft of the business plan. Power purchase costs, excluding capacity purchase costs, did in fact decrease in all cases. However, capacity purchase costs increased in all cases due to a reduction in the average monthly load factor in the revised load forecast. Monthly load factors are calculated by dividing average monthly energy consumption by monthly peak demands. The average monthly load factor in the revised load forecast is 56 percent. The average monthly load factor in the load forecast used in the first draft of the business plan was 66 percent. The decrease in the average monthly load factor result in higher monthly peak demands. Increased monthly peak demands result in increases in capacity purchase costs associated with meeting the 115 percent resource adequacy standard. On a 20-year levelized cost basis the capacity purchase costs associated with meeting resource adequacy requirements increased by near $1.5/MWh in all three portfolios.

Exhibit 9 above shows the base case 20-year levelized cost of each portfolio. Since resource costs are based on forecast renewable and brown resource market prices and updated forecast natural gas and wholesale market prices, it is prudent to look at the sensitivity of the 20-year levelized cost.
calculation to fluctuations in these projections. Exhibit 10 below shows a summary of low, base and high resource costs. Only the “market PPA” costs differ from the first draft of the business plan.

<table>
<thead>
<tr>
<th>Case</th>
<th>Market PPA</th>
<th>Portfolio 1 and 2 Renewables</th>
<th>Portfolio 3 Renewables</th>
<th>Brown Resources</th>
<th>Local Renewables</th>
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</thead>
<tbody>
<tr>
<td>Low Case</td>
<td>24.9</td>
<td>32</td>
<td>40</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Base Case</td>
<td>36.6</td>
<td>42</td>
<td>52</td>
<td>60</td>
<td>65</td>
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<tr>
<td>High Case</td>
<td>69.2</td>
<td>62</td>
<td>76</td>
<td>80</td>
<td>85</td>
</tr>
</tbody>
</table>

The 20-year levelized costs of each portfolio were calculated using the range of resource costs shown above. Exhibit 11 shows the resulting range of 20-year levelized costs of each resource portfolio. The base case costs are depicted by the black dots in Exhibit 11.

The range of costs shown above is slightly ($1/MWh) greater than the range of costs included in the first draft of the business plan. As in the first draft of the business plan, Portfolio 3, which relies on renewable energy purchases to serve all retail loads, has the highest projected costs. The low case for Portfolio 3 ($57/MWh) is greater than the base case for both Portfolios 2 and 3.

**Proforma Analysis**

The first category of the pro forma analysis is the cost of service for LACCE program operations. To estimate the overall costs associated with LACCE operations, the following components were included in the development of the financial pro forma:
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 to SCE:
- Transmission and distribution charges
- Power Cost Indifference Adjustment (PICA) Charge
- Other SCE non-bypassable charges

Once the costs of the LACCE operations have been determined, the total costs and resulting revenue needs were compared to SCE's projected rates and revenues for the potential LACCE customers.

Administrative Costs

The administrative costs were updated based on the most recent LACCE budget. At this time, it is assumed that $10 million in initial funding will be provided by LA County as part of the FY2018 budget to support the start-up of the LACCE Authority. This funding includes $8 million for power procurement to support Phase I of the program and up to $2 million for administrative costs.

In addition to administrative costs, expenses such as power supply costs, non-bypassable charges, data management costs, utility fees, and estimated uncollectibles are included in the proforma. The LACCE budget assumes only the Executive Director and one administrative staff will be hired prior to Phase 2 as LACCE will rely on consultant help initially. However, LACCE could hire additional staff earlier and reduce the cost of consultants to remain within budget. Exhibit 12 lists the assumed expenses.
### Exhibit 12
#### Administrative Costs

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>FY17</th>
<th>FY18</th>
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</thead>
<tbody>
<tr>
<td>Consultants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
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<tr>
<td>Legal</td>
<td>$0</td>
<td>$200,000</td>
</tr>
<tr>
<td>Executive Support</td>
<td>$50,000</td>
<td>$180,000</td>
</tr>
<tr>
<td>Technical &amp; Regulatory</td>
<td>$40,000</td>
<td>$460,000</td>
</tr>
<tr>
<td>Communication &amp; Outreach</td>
<td>$0</td>
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</tr>
<tr>
<td>County Staff (borrowed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Sustainability Officer</td>
<td>$20,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>ISD Staff</td>
<td>$40,000</td>
<td>$80,000</td>
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<tr>
<td>County Counsel</td>
<td>$30,000</td>
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<td>Administrative Support</td>
<td>$10,000</td>
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<td>New JPA Staff</td>
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<td>Executive Director</td>
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<tr>
<td>Assistant</td>
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<td>General &amp; Admin</td>
<td>$0</td>
<td>$295,000</td>
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<tr>
<td>Contingency</td>
<td>$0</td>
<td>$50,000</td>
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<tr>
<td>Budgeted Expenses Off-set</td>
<td>($220,000)</td>
<td>($630,000)</td>
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<tr>
<td><strong>Total Administrative Cost</strong></td>
<td><strong>$0</strong></td>
<td><strong>$1,125,000</strong></td>
</tr>
</tbody>
</table>

### Financing

The $10 million provided by LA County as part of the FY2018 budget will need to be repaid to LA County by the end of June 2018. For ongoing cash flow needs, this Business Plan Update assumes that LACCE must provide sufficient working capital to cover 60 days of lag between when expenses occur and when revenues are received. LACCE will therefore need to finance approximately $50 million by June 2018 either with a loan or a line of credit. A more likely scenario, would be that the power supply and data management consultants will not get paid until revenues have been collected from customers. This methodology has become more common with recent CCAs and would reduce LACCE’s financing needs by approximately 50%. This option will be explored during the RFP process for power supply and data management services.

### Rates

Exhibits 13 and 14 compare the revised LACCE rates with those of the comparable SCE product for each rate class under the Conservative Participation Scenario and the Most Likely Participation Scenario.
### Exhibit 13
Conservative Scenario – Bundled Rates

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>Customer Type</th>
<th>SCE Basic*</th>
<th>LACCE RPS</th>
<th>SCE 50% Renewable</th>
<th>LACCE 50% Renewable</th>
<th>SCE 100% Renewable</th>
<th>LACCE 100% Renewable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Domestic</td>
<td>17.2</td>
<td>16.3</td>
<td>18.9</td>
<td>16.5</td>
<td>20.7</td>
<td>18.3</td>
</tr>
<tr>
<td>GS-1</td>
<td>Commercial</td>
<td>16.6</td>
<td>15.7</td>
<td>18.2</td>
<td>15.9</td>
<td>19.8</td>
<td>17.7</td>
</tr>
<tr>
<td>GS-2</td>
<td>Commercial</td>
<td>15.7</td>
<td>14.9</td>
<td>17.8</td>
<td>15.1</td>
<td>19.8</td>
<td>16.7</td>
</tr>
<tr>
<td>GS-3</td>
<td>Industrial</td>
<td>14.2</td>
<td>13.4</td>
<td>16.5</td>
<td>13.6</td>
<td>18.7</td>
<td>15.1</td>
</tr>
<tr>
<td>PA-2</td>
<td>Public Authority</td>
<td>12.4</td>
<td>11.7</td>
<td>14.6</td>
<td>11.9</td>
<td>16.7</td>
<td>13.2</td>
</tr>
<tr>
<td>PA-3</td>
<td>Public Authority</td>
<td>10.8</td>
<td>10.2</td>
<td>13.6</td>
<td>10.4</td>
<td>16.3</td>
<td>11.5</td>
</tr>
<tr>
<td>TOU-8 Secondary</td>
<td>Commercial</td>
<td>12.6</td>
<td>11.9</td>
<td>14.9</td>
<td>12.1</td>
<td>17.1</td>
<td>13.4</td>
</tr>
<tr>
<td>TOU-8 Primary</td>
<td>Commercial</td>
<td>11.5</td>
<td>10.9</td>
<td>13.9</td>
<td>11.0</td>
<td>16.2</td>
<td>12.2</td>
</tr>
<tr>
<td>TOU-8 Substation</td>
<td>Industrial</td>
<td>7.5</td>
<td>7.1</td>
<td>10.3</td>
<td>7.2</td>
<td>13.2</td>
<td>8.0</td>
</tr>
</tbody>
</table>

LACCE Savings vs. SCE Basic: 5.3% 4.1% -6.3%
LACCE Savings vs. SCE Equivalent: 5.3% -13.7% -12.9%

*SCE bundled average rate based on Table 3 in Advice 3515-E-A.

### Exhibit 14
Most Likely Scenario – Bundled Rates

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>Customer Type</th>
<th>SCE Basic*</th>
<th>LACCE RPS</th>
<th>SCE 50% Renewable</th>
<th>LACCE 50% Renewable</th>
<th>SCE 100% Renewable</th>
<th>LACCE 100% Renewable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Domestic</td>
<td>17.2</td>
<td>16.3</td>
<td>18.9</td>
<td>16.5</td>
<td>20.7</td>
<td>18.3</td>
</tr>
<tr>
<td>GS-1</td>
<td>Commercial</td>
<td>16.6</td>
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<tr>
<td>GS-2</td>
<td>Commercial</td>
<td>15.7</td>
<td>14.9</td>
<td>17.8</td>
<td>15.0</td>
<td>19.8</td>
<td>16.7</td>
</tr>
<tr>
<td>GS-3</td>
<td>Industrial</td>
<td>14.2</td>
<td>13.4</td>
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<td>13.6</td>
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<tr>
<td>PA-2</td>
<td>Public Authority</td>
<td>12.4</td>
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<td>14.6</td>
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<td>13.2</td>
</tr>
<tr>
<td>PA-3</td>
<td>Public Authority</td>
<td>10.8</td>
<td>10.2</td>
<td>13.6</td>
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<tr>
<td>TOU-8 Secondary</td>
<td>Domestic</td>
<td>12.6</td>
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<tr>
<td>TOU-8 Primary</td>
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<td>7.2</td>
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<td>8.0</td>
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</table>

LACCE Savings vs. SCE Basic: 5.3% 4.2% -6.3%
LACCE Savings vs. SCE Equivalent: 5.3% -13.7% -13.0%

*SCE bundled average rate based on Table 3 in Advice 3515-E-A.

LACCE BUSINESS PLAN UPDATE
LACCE customers are likely to see rates that on average are 5.3% lower than SCE in the portfolio meeting RPS standards, 4.1% to 4.2% lower than SCE with 50% renewable power supply and 6.3% higher than SCE with 100% renewable power supply.

Risks

The results of this Business Plan Update are subject to uncertainties. The list below provides a summary discussion of the key uncertainties of this Plan. These have not changed since the Initial Business Plan. A comparative table of risks to CCA viability is also provided in Exhibit 15.

- *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. However, these types of forecasts vary over time.
- *Retail Rate Forecasts* – The Plan forecasts retail rates for both LACCE and SCE over the study period. These forecasts are based on current information regarding inflation, RPS requirement and other cost drivers.
- *Forecast Load and Customer Growth* – The Plan bases the load forecasts on customer growth and participation. Both variables are inherently uncertain.
- *Regulatory Risks* – Unforeseen changes in legislation (California Public Utility Commission, state legislation and federal legislation) may impact the results of this Plan.

This sensitivity analysis from the initial Business Plan show that the LACCE rates could be greater than SCE rates if:

- The Power Charge Indifference Adjustment (PCIA) increases significantly without an offsetting power supply cost reduction.
- LACCE loads are much less than forecast. For example, if LACCE only achieves Phase 1 participation, it would be difficult to operate LACCE at lower rates than SCE.
- Wholesale market prices drop to 25% lower than present levels. As power costs to both SCE and LACCE are decreased, the PCIA would increase. This causes additional risks to LACCE even though power procurement costs could be lower.

Each of these three scenarios can be managed if they occur (see Exhibit 15). LACCE can mitigate risk from PCIA increases or from wholesale market price drops by investing in a power portfolio that is balanced between long and short-term contracts and by maintaining a healthy reserve fund to cushion rates through periods of high PCIA rates (as Marin Clean Energy and Sonoma Clean Power have done repeatedly). If LACCE’s load becomes significantly lower than expected due to poor customer participation, LACCE could expand its service territory, merge with another existing CCA, or reduce overhead expenses.

In the long-term, the PCIA is expected to decline as contracts expire and market prices increase. In addition, SCE is now taking into account the potential loss of load to CCAs and is not purchasing purchase power on behalf of CCA customers, thus not incurring additional stranded costs on behalf of CCA customers.
Finally, the extremely low levels of participation needed to undermine the financial viability of LACCE is extremely unlikely given the increasing precedent set by other CCAs in California and their success in retaining customers. The results of this update demonstrate that there is sufficient load in LA County such that participation as low as 75% residential and 65% non-residential will not have an impact of the feasibility of LACCE.
<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Problem</th>
<th>Mitigation Strategy</th>
<th>Likelihood of Problem</th>
<th>Severity of Problem</th>
<th>Potential to “break” LACCE</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>SCE Rates and Surcharges</td>
<td>SCE’s generation rates decrease or its non-bypassable charges increase</td>
<td>• LACCE rates exceed SCE • Increased customer opt-out rate</td>
<td>• Establish Rate Stabilization Fund • Invest in a balanced portfolio to remain agile in power market • Emphasize the value of programs, local control, and environmental impact in marketing</td>
<td>High – most operating CCAs in California have undergone short periods of rate competition from the incumbent IOU.</td>
<td>Medium - CCAs have always been able to buffer rate impacts using financial reserves, then adjust power supply to regain rate advantage.</td>
</tr>
<tr>
<td>2</td>
<td>Regulatory Risks</td>
<td>Energy policy is enacted that compromises CCA competitiveness or independence</td>
<td>• New costs incurred • Reduced authority</td>
<td>• Coordination with CCA community on regulatory involvement • Hire lobbyists and regulatory representatives</td>
<td>Low – existing regulatory precedent makes the likelihood of state policies that severely disadvantage CCAs low.</td>
<td>High – a worst case scenario regulatory legislative decision limiting CCA autonomy or enforcing additional costs could hinder CCA viability.</td>
</tr>
<tr>
<td>3</td>
<td>Power Supply Costs</td>
<td>Power prices increase at crucial time for LACCE</td>
<td>• LACCE rates exceed SCE • Increased customer opt-out rate</td>
<td>• Long-term contracts • Draw on LACCE reserves to stabilize rates through price spike</td>
<td>Low – market prices are unlikely to spike enough to make LACCE financially infeasible prior to LACCE launch. From that point on, LACCE can limit its exposure through contract selection.</td>
<td>Medium – a poorly timed price spike combined with poor power supply contract management could require LACCE to dig into reserves or delay launch.</td>
</tr>
<tr>
<td>4</td>
<td>SCE RPS Share</td>
<td>SCE’s RPS or GHG-free power portfolio grows</td>
<td>Increased customer opt-out rate</td>
<td>• Increase renewable power portfolio • Emphasize rates and local programs in marketing</td>
<td>Medium – SCE’s power portfolio is dynamic and could change rapidly as a</td>
<td>Low – LACCE will have capability to increase renewable energy purchases to match or</td>
</tr>
</tbody>
</table>

**LACCE BUSINESS PLAN UPDATE**
<table>
<thead>
<tr>
<th></th>
<th>to match or exceed LACCE's</th>
<th></th>
<th>result of other CCA departures.</th>
<th>exceed SCE if the event occurs. In addition, LACCE will promote other benefits of its service to customers.</th>
<th>effectively if this occurs.</th>
</tr>
</thead>
</table>
|5  | Availability of RPS/GHG-free power | Unexpectedly high market demand or loss of supply of renewable resources | • LACCE unable to provide target power products  
• Shift emphasis to GHG-free or RPS resources depending on availability  
• Secure long-term contracts  
• Invest in local renewable resources | Low – power procurement providers report a plethora of RPS and GHG-free bids available on the market.  
Medium – if LACCE were unexpectedly unable to procure enough RPS or GHG-free power, it could emphasize other program strengths to retain customers until new resources came online. | Very Low – negligible chance of occurring. |
|6  | Financial Risks | LACCE is unable to acquire desired financing or credit | • Slower or delayed program launch  
• Unable to build generation projects  
• Adopt gradual program roll-out  
• Establish Rate Stabilization Fund  
• Minimize overhead costs | Low – CCAs have become sufficiently established in California that financing is almost certainly available.  
Medium – in the event LACCE is limited in financing options, it can adopt a more conservative program design and gradual roll-out. | Very Low |
|7  | Loads and customer participation | Unprecedented opt-out rate reduces competitiveness | • Excess power contracts  
• Poor margins  
• Increase marketing  
• Reduce overhead  
• Expand to new customer markets  
• Consider merging with existing CCA | Low – as CCAs have become more common in California, and CCA marketing firms more experienced, opt-out rates have gone lower and lower.  
Low – LACCE will have numerous viable options in the event they suffer unexpectedly low participation. | Very Low |
Summary

This updated Business Plan supports the initial findings that the formation of a CCA in Los Angeles County is financially viable and will yield considerable benefits for the County's residents and businesses. These benefits include competitive rates for electricity and increased renewable resource deployment. With the achievement of Phase 2 operations, LACCE could reduce GHG emissions by as much as 500,000 tons of CO$_2$e 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.
### LA County Community Choice Aggregation

**Financial Operating Model - RPS**

**Most Likely Load Scenario**

**April 17, 2017**

<table>
<thead>
<tr>
<th></th>
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<td>$1,564,964</td>
<td>$1,579,727</td>
<td>$1,601,133</td>
<td>$1,625,793</td>
<td>$1,660,077</td>
<td>$1,695,676</td>
<td>$1,735,627</td>
<td>$1,774,177</td>
<td>$1,812,641</td>
<td>$1,841,803</td>
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<tr>
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<td>$122,181,121</td>
<td>$123,322,520</td>
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<td>$122,181,121</td>
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<td>5.6%</td>
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</table>
LA County Community Choice Aggregation
Financial Operating Model - 50%
Most Likely Load Scenario

April 17, 2017

<table>
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<td>Technical Services</td>
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<td>$202,213,156</td>
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<td>4.3%</td>
<td>4.6%</td>
<td>4.8%</td>
<td>4.9%</td>
<td>5.1%</td>
<td>5.2%</td>
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# LA County Community Choice Aggregation

## Financial Operating Model - 100%

### Most Likely Load Scenario

#### April 17, 2017

<table>
<thead>
<tr>
<th>CCE Operating Costs</th>
<th>2018 Jan - June</th>
<th>2018 July - Dec</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
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<tbody>
<tr>
<td>SCE Fees</td>
<td>$1,132,892</td>
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<td>$1,579,727</td>
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<td>$665,000</td>
<td>$665,000</td>
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<tr>
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<td>$200,000</td>
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<td>$2,825,400</td>
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<td>$2,998,337</td>
<td>$3,058,304</td>
<td>$3,116,470</td>
<td>$3,181,859</td>
<td>$3,245,496</td>
<td>$3,310,405</td>
<td>$3,376,615</td>
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<tr>
<td>General &amp; Administrative</td>
<td>$170,000</td>
<td>$280,000</td>
<td>$356,000</td>
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<td>$318,362</td>
<td>$324,730</td>
<td>$331,224</td>
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<tr>
<td>Debt Service (CCE Bonds &amp; Start-up Costs)</td>
<td>$0</td>
<td>$2,091,983</td>
<td>$4,183,967</td>
<td>$4,183,967</td>
<td>$4,183,967</td>
<td>$4,183,967</td>
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<td>$4,183,967</td>
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<tr>
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<td>$1,269,185</td>
<td>$1,288,386</td>
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**Total Operating Costs**

$1,978,498  $116,935,027  $209,740,879  $223,335,149  $230,064,480  $233,581,703  $240,454,772  $247,595,219  $257,926,039  $264,970,622  $272,923,417  $281,929,852

**Other Revenues**

$0  $0  $0  $0  $0  $0  $0  $0  $0  $0  $0  $0

**Total CCE Revenue Requirement**

$1,978,498  $116,935,027  $209,740,879  $223,335,149  $230,064,480  $233,581,703  $240,454,772  $247,595,219  $257,926,039  $264,970,622  $272,923,417  $281,929,852

**Average CCE Rate ($/kWh)**

$0.0072  $0.0721  $0.0721  $0.0721  $0.0721  $0.0721  $0.0721  $0.0721  $0.0721  $0.0721  $0.0721  $0.0721

**Total CCE Charges**

$1,180,317  $21,065,221  $49,050,294  $44,285,334  $44,260,075  $44,251,547  $47,799,810  $47,341,146  $27,188,763  $27,014,033  $26,774,656  $26,626,898

**CCE Revenue Requirement**

$1,798,181  $115,875,027  $208,680,879  $223,055,149  $230,004,480  $233,331,703  $240,194,772  $247,243,219  $257,340,039  $264,156,622  $272,809,417  $281,899,332

**Bundled SCE Revenues**


**Total CCE Customer Bill Revenues (Power Supply and Delivery)**


**Savings**

($888,963)  ($15,865,402)  ($30,984,250)  ($34,875,009)  ($34,886,045)  ($34,892,901)  ($34,870,362)  ($34,872,934)  ($34,787,073)  ($34,835,037)  ($34,846,951)  ($34,931,835)

**Percent Savings**

-6.1% -6.1% -6.2% -6.8% -6.6% -6.4% -6.2% -6.0% -5.8% -5.6% -5.5% -5.3%
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<tr>
<td>Debt Service (CCE Bonds &amp; Start-up Costs)</td>
<td>$0</td>
<td>$2,091,983</td>
<td>$4,183,967</td>
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<td>Total CCE Revenue Requirement</td>
<td>$3,505,107</td>
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<td>$137,149,416</td>
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<td>$151,763,673</td>
<td>$155,632,227</td>
<td>$161,475,698</td>
<td>$167,800,559</td>
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<td>Total CCE Charges</td>
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LA County Community Choice Aggregation
Financial Operating Model - 50%
Conservative Load Scenario
April 17, 2017

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<tr>
<th>CCE Operating Costs</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<tr>
<td>Billing &amp; Data Management</td>
<td>$12,960</td>
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<td>$4,770,004</td>
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<td>$2,998,337</td>
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<tr>
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<tr>
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<td>Total CCE Revenue Requirement</td>
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<td>$142,553,401</td>
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<td>$150,788,960</td>
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<td>$170,288,744</td>
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<td>$193,253,568</td>
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<tr>
<td>CCE Revenue Requirement</td>
<td>-$1,994,008</td>
<td>$104,218,291</td>
<td>$182,198,666</td>
<td>$190,120,831</td>
<td>$196,625,928</td>
<td>$200,095,773</td>
<td>$190,122,888</td>
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<tr>
<td>Total CCE Revenue Generation Requirement</td>
<td>-$1,994,008</td>
<td>$104,218,291</td>
<td>$182,198,666</td>
<td>$190,120,831</td>
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<td>$206,911,831</td>
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<tr>
<td>Bundled SCE Revenues</td>
<td>$24,545,671</td>
<td>$235,244,325</td>
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<td>Power Supply</td>
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<td>$207,041,832</td>
<td>$210,230,081</td>
<td>$216,405,974</td>
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<td>Other Revenues</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>$0</td>
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<tr>
<td>Total CCE Revenue Requirements</td>
<td>$1,833,950</td>
<td>$108,656,123</td>
<td>$189,139,480</td>
<td>$201,002,534</td>
<td>$207,041,832</td>
<td>$210,230,081</td>
<td>$216,405,974</td>
<td>$223,157,610</td>
<td>$231,576,984</td>
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<td>$0.0072</td>
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<tr>
<td>Total CCE Charges</td>
<td>$1,180,317</td>
<td>$18,958,699</td>
<td>$39,645,284</td>
<td>$39,856,800</td>
<td>$39,834,068</td>
<td>$39,808,393</td>
<td>$39,863,834</td>
<td>$39,807,031</td>
<td>$39,846,887</td>
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<td>Bundled CCE Revenues</td>
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<td>$235,244,325</td>
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<td>$446,713,504</td>
<td>$477,129,207</td>
<td>$491,399,804</td>
<td>$503,636,932</td>
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<td>$553,038,628</td>
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<td>Bundled CCE Customer Bill Revenues (Power Supply and Delivery)</td>
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<tr>
<td>Percent Savings</td>
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<td>-6.1%</td>
<td>-6.3%</td>
<td>-6.8%</td>
<td>-6.6%</td>
<td>-6.2%</td>
<td>-6.0%</td>
<td>-5.8%</td>
<td>-5.5%</td>
<td>-5.5%</td>
<td>-5.3%</td>
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</table>
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).

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>First City adopts JPA</td>
</tr>
<tr>
<td>Aug</td>
<td>OPEN ENROLLMENT PERIOD</td>
</tr>
<tr>
<td>Oct</td>
<td>First LACCE Board Meeting</td>
</tr>
<tr>
<td>Nov</td>
<td>Executive Director Search</td>
</tr>
<tr>
<td>Dec</td>
<td>Phase 1 begins</td>
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</tbody>
</table>

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 gggero@ceo.lacounty.gov
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
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.