ATTENTION: DCE VOTING MEMBERS WILL RECEIVE A UNIQUE PANELIST LINK BY EMAIL. PLEASE USE THIS LINK TO PARTICIPATE IN THIS MEETING.

DESERT COMMUNITY ENERGY

DESERT COMMUNITY ENERGY BOARD MEETING AGENDA

Monday, November 16, 2020
2:30 p.m.

Pursuant to Governor Newsom's Executive Order N-29-20 (March 18, 2020), this meeting will only be conducted via video/teleconferencing.

INSTRUCTIONS FOR PUBLIC PARTICIPATION

Online:
https://us02web.zoom.us/j/83207518191?pwd=dUlvNVdPOEtpMTNHTXc4eUJpQVMyUT09

Passcode: 794147

One tap mobile:
US: +16699009128,, 83207518191#

By Phone:
Dial In #: +1 669 900 9128
Webinar ID: 832 0751 8191
Passcode: 794147

This will provide listening access and ability to address the DCE Board when called upon.

IF YOU ARE UNABLE TO CONNECT VIA DIAL IN OPTION, PLEASE CALL 760-346-1127

Members of the public are encouraged to submit comment in connection with the Desert Community Energy meeting by email to: cvag@cvag.org by 5:00 p.m. on the day prior to the committee meeting. Comments intended to be read aloud into the record should be no more than 300 characters in length.

THIS MEETING IS HANDICAPPED ACCESSIBLE.
ACTION MAY RESULT ON ANY ITEMS ON THIS AGENDA.

1. **CALL TO ORDER**

2. **ROLL CALL**

   A. Member Roster P4

3. **PUBLIC COMMENTS ON AGENDA ITEMS**

   Any person wishing to address the Desert Community Energy Board on items appearing on this agenda may do so at this time. Please limit comments to 3 minutes. At the discretion of the chair, additional public comment time and/or opportunities during the meeting may be granted.

4. **BOARD MEMBER / DIRECTOR COMMENTS**

5. **CONSENT CALENDAR**

   A. Approve Minutes from Board Meeting of October 19, 2020 P5

   B. Authorize the Executive Director to notify Southern California Edison by November 20, 2020, of DCE's intent to participate in SCE's Arrearage Management Plan P9

6. **DISCUSSION / ACTION**

   A. Financial Performance Update – Jaclyn Harr, The Energy Authority

   B. Establishment of Rate Stabilization Schedule – Don Dame, DCE Energy Consultant P30

   Recommendation: Adopt DCE Resolution 2020-07, approving a DCE Rate Stabilization Schedule effective December 1, 2020

   C. Residential Time-Of-Use Transition Bill Protection – Valdemar Galeana P44

   Recommendation: Adopt Resolution No. 2020-08 to adopt a 12-month bill protection for DCE residential customers when they are automatically transitioned by Southern California Edison to time-of-use rates

   D. Update on DCE Activities – Katie Barrows P48

   Recommendation: Information

   E. Legislative Update – Katie Barrows

7. INFORMATION

A. Attendance Record P51

B. Unaudited Financial Report for July 1 to October 31, 2020 P52

8. PUBLIC COMMENTS ON NON-AGENDA ITEMS

Any person wishing to address the Board on items not appearing on this agenda may do so at this time. Please limit comments to 2 minutes. At the discretion of the chair, additional public comment time and/or opportunities during the meeting may be granted.

9. ANNOUNCEMENTS

The next DCE meeting will be held December 21, 2020 at 2:30 p.m. via Zoom.

10. ADJOURN

Item 2A

Desert Community Energy Board
Member Roster

Voting Members	**Representative**
City of Cathedral City	Mayor John Aguilar *Alternate: Councilmember Raymond Gregory*
City of Palm Desert	Councilmember Sabby Jonathan, Vice Chair *Alternate: Mayor Pro Tem Kathleen Kelly*
City of Palm Springs	Mayor Geoff Kors, Chair *Alternate: Councilmember Lisa Middleton*

DCE Staff
Tom Kirk, Executive Director
Katie Barrows, Director of Energy & Environmental Resources
Benjamin Druyon, Management Analyst
Valdemar Galeana, Accounting Manager
Trisha Stull, Program Assistant II

ITEM 5A

Desert Community Energy Board
Meeting Minutes
October 19, 2020
2:30 pm

Held via Zoom videoconference

The audio file for this meeting can be found at: http://www.desertcommunityenergy.org

1. **CALL TO ORDER**
The meeting of the DCE Board was called to order by Vice Chair John Aguilar, City of Cathedral City, at 2:30 p.m. via Zoom meeting, which was pursuant to Gov. Newsom's executive order governing how meetings are held during the COVID-19 pandemic.

2. **ROLL CALL**
Roll call was taken, and it was determined that a quorum was present.

Members Present	**Agency**
Councilmember Sabby Jonathan	City of Palm Desert
Mayor Geoff Kors	City of Palm Springs
Mayor John Aguilar, Vice Chair	City of Cathedral City
DCE Staff & Consultants	
Katie Barrows	
Benjamin Druyon	
Joanna Stueckle	
Valdemar Galeana	
Erica Felci	
Trisha Stull	
Jaclyn Harr	The Energy Authority
Colin Cameron	The Energy Authority
Jeff Fuller	The Energy Authority
Don Dame	DCE Consultant
Others Present	
Lisa Middleton	City of Palm Springs
Russell Betts	City of Desert Hot Springs
David Freedman	Community Advisory Committee
Shelley Kaplan	Community Advisory Committee
Kim Floyd	Community Advisory Committee
Patrick Tallarico	City of Palm Springs

3. PUBLIC COMMENTS ON AGENDA ITEMS

David Freedman commented on agenda Item 5B, and expressed support for the development and implementation of a web-based bill comparison tool.

Kim Floyd commented on agenda Item 5B, and expressed support the development and implementation of a web-based bill comparison tool. Mr. Floyd also said he supported a DCE letter regarding the PCIA, as outlined in Item 5D.

4. BOARD MEMBER / DIRECTOR COMMENTS

Councilmember Jonathan asked why the City of Desert Hot Springs was still listed as a non-voting member in the roster, despite no current participation in DCE. Katie Barrows said future rosters would remove the City of Desert Hot Springs as a non-voting member of DCE.

5. CONSENT CALENDAR

Items 5B and 5D were pulled from the consent calendar for questions and comments.

IT WAS MOVED BY COUNCILMEMBER JONATHAN AND SECONDED BY MAYOR AGUILAR TO:

A. Approve Minutes from Board Meeting of September 21, 2020

C. Approve Amendment No. 1 to Task Order 4 with the Energy Authority, authorizing additional work on the 2020 Integrated Resource Plan, as required by the California Public Utilities Commission, for an amount not to exceed $5,000

THE MOTION CARRIED WITH 3 AYES.

Mayor Aguilar	**Aye**
Councilmember Jonathan	**Aye**
Mayor Kors	**Aye**

The Board then addressed the items that were pulled from the consent calendar.

B. Authorize the Executive Director to sign a Client Ad-Hoc Request Agreement with Calpine Energy Solution to develop and implement a web-based bill comparison tool for a not-to-exceed amount of $28,000, and authorize the Executive Director and/or Legal Counsel to make clarifying changes prior to execution

A brief discussion was held among members about the timing, and Ms. Barrows indicated the tool would be finalized in December.

IT WAS MOVED BY MAYOR AGUILAR AND SECONDED BY COUNCILMEMBER JONATHAN TO AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN A CLIENT AD-HOC REQUEST AGREEMENT WITH CALPINE ENERGY SOLUTION TO DEVELOP AND IMPLEMENT A WEB-BASED BILL COMPARISON TOOL FOR A NOT-TO-EXCEED AMOUNT OF $28,000, AND AUTHORIZE THE EXECUTIVE DIRECTOR AND/OR LEGAL COUNSEL TO MAKE CLARIFYING CAHNGES PRIOR TO EXECUTION.

THE MOTION CARRIED WITH 3 AYES.

Mayor Aguilar	**Aye**

Councilmember Jonathan	**Aye**
Mayor Kors	**Aye**

D. Authorize the DCE Chair and/or Executive Director to sign letters of support for CalCCA's request for changes to the Power Charge Indifference Adjustment (PCIA)

Mayor Kors said the City of Palm Springs would be voting on a similar letter as well.

IT WAS MOVED BY MAYOR AGUILAR AND SECONDED BY COUNCILMEMBER JONATHAN TO AUTHORIZE THE DCE CHAIR AND/OR EXECUTIVE DIRECTOR TO SIGN LETTERS OF SUPPORT FOR CALCCA'S REQUEST FOR CHANGES TO THE POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA).

THE MOTION CARRIED WITH 3 AYES.

Mayor Aguilar	**Aye**
Councilmember Jonathan	**Aye**
Mayor Kors	**Aye**

6. DISCUSSION / ACTION

A. Election of DCE Officers – Tom Kirk

A discussion ensued around nominations for a Desert Community Energy Chair and Vice Chair for Fiscal Year 2020/2021. Members noted that Mayor Kors should remain chair as the program has already launched in the City of Palm Springs. It was also recommended that Councilmember Jonathan become vice chair.

IT WAS MOVED BY MAYOR AGUILAR AND SECONDED BY COUNCILMEMBER JONATHAN TO ELECT MAYOR KORS AS CHAIR AND COUNCILMEMBER JONATHAN AS VICE CHAIR OF DESERT COMMUNITY ENERGY'S BOARD FOR FISCAL YEAR 2020/2021.

THE MOTION CARRIED WITH 3 AYES.

Mayor Aguilar	**Aye**
Councilmember Jonathan	**Aye**
Mayor Kors	**Aye**

B. Update on Recent Power Market Events and Impact on DCE – Jaclyn Harr, The Energy Authority

Colin Cameron of The Energy Authority gave the presentation, which included an update on recent energy costs and forecasted costs.

No action was taken.

C. Revenue Stabilization Mechanisms – Don Dame, DCE Energy Consultant

Mr. Dame gave an overview of revenue stabilization tools and mechanisms. Member discussion ensued. The Board provided direction to staff to return at a later meeting with a detailed policy for consideration.

D. Update on DCE Post-Launch Activities – Katie Barrows

Ms. Barrows gave an update on DCE's post-launch activities in the City of Palm Springs, and updated the Board on the most recent Community Advisory Committee meeting.

No action was taken.

7. INFORMATION

A. Attendance Record
B. Unaudited Financial Report
C. Executive Director Spending Authority

These items were placed on the agenda for the Board's information.

8. PUBLIC COMMENT ON NON-AGENDA ITEMS

There were no public comments made on non-agenda items.

9. ANNOUNCEMENTS

The next regular DCE meeting will be November 16, 2020 at 2:30 p.m. via Zoom.

10. ADJOURN

The meeting was adjourned at 3:17 p.m.

Respectfully submitted,

Trisha Stull

Item 5B

Desert Community Energy Board
November 16, 2020

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Southern California Edison Arrearage Management Plan Update**

Contact: Benjamin Druyon, Management Analyst (bdruyon@cvag.org)

Recommendation: **Authorize the Executive Director to notify Southern California Edison of DCE's intent to participate in SCE's Arrearage Management Plan**

Background: The Arrearage Management Plan (AMP) is a program outlined by the California Public Utilities Commission (CPUC) in Decision 20-06-003 released on June 16, 2020, as a potential solution to avoiding disconnections for vulnerable individuals who are behind on their electricity payments. The AMP allows customers who are participating in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs to receive debt forgiveness on their electricity bill if they pay their current bill on time. For every current bill paid on time, the customer will receive 1/12th of their existing total debt forgiven. Eligible customers can erase up to $8,000 of their debt over 12 months. In order to be eligible, customers must:

- Be enrolled in either the CARE or FERA Program,
- Be an SCE customer for six months and have made at least one on-time payment,
- Have a minimum of $500 in outstanding arrearage for at least 90 days to be eligible to apply for the Plan.

Customers may re-apply for the AMP upon successful completion of adhering to a 12-month waiting period. DCE is serving approximately 7,202 customers who qualify for CARE, FERA or medical baseline rates.

The current AMP is in the process of launching and is expected to run for four years, with a CPUC rulemaking to be undertaken three years after the AMP is successfully implemented in order to evaluate its effectiveness. Originally, the AMP was expected to launch in April 2021, as COVID-19 disconnection protections were expected to expire at this time. However, on August 13, 2020, the Investor Owned Utilities (IOUs) received a letter from the CPUC strongly encouraging a proposal to start the AMP in 2020, stating that the CPUC would consider an implementation start date in April 2021 as being non-compliant with the Decision.

On September 9, 2020, SCE released an Advice Letter (attached) outlining the AMP and affirming that it can launch the Plan in 2020 in line with the CPUC Energy Division's request. In the Advice letter, SCE has requested that CCAs develop and submit a letter by mid-November, identifying their willingness to participate in the AMP. In response, CalCCA filed a protest to the Advice Letter, (attached) requesting clarification on how the IOUs plan on reimbursing CCAs, how they plan on sharing data with the CCA upon request, and what the time frame looks like for CCAs to inform the IOUs about program participation.

On September 17, 2020, a Prehearing Conference was held by the CPUC where the Commission indicated that it is willing to consider the role and specifics of CCA participation in the AMP in an upcoming, but separate, rate-setting phase. The CPUC has stated it will release a Scoping Memo by mid-November, indicating whether or not it will include the topic of CCA AMP participation in the next phase of rate setting.

DCE staff also participated in a call with SCE and representatives from other CCAs on September 27, 2020. SCE has notified the CCAs that they are willing to provide flexibility to the CCAs' participation decision in the AMP. However, SCE explained that if it receives a notification on a CCA's participation after the CPUC releases its Scoping Memo, the CCA's customers may not be eligible to participate at the launch of the AMP due to no agreement reached between SCE and CCAs regarding the reimbursement mechanism of arrearages.

The SCE Advice Letter proposes that the AMP would be paid for by all customers through the Public Purpose Program Charge (PPPC), a non-by passable surcharge applied to all customers' bills to pay and recover the generation portion of participating customer's bill. The PPPC mechanism was agreed upon within the working groups. If a CCA chooses not to participate, SCE will still inform CCA customers that they are eligible for participation in the AMP and will forgive their delivery-related arrears.

DCE is a member of CalCCA, which has argued that the AMP, and CCAs participation in the AMP within the new rate setting phase, is not timely and should instead be deliberated through the Advice Letter process and through the usage of working groups to explore solutions. CalCCA has established a list of goals it would like to accomplish through the working groups, addressing the AMP.

DCE staff respects the position of CalCCA, particularly the need for more information on how the AMP will be executed. However, knowing those details are still being negotiated, DCE staff is recommending that authority be granted to the Executive Director to ensure the AMP is an option for DCE's CARE and FERA customers while the negotiations between SCE and CalCCA continue. As such, staff is recommending authority be granted to the Executive Director to notify Southern California Edison of DCE's intent to participate in SCE's Arrearage Management Plan. Similar actions are being taken by other CCAs, including Western Community Energy.

Fiscal Impact: If DCE decides to participate in the AMP in its current form, there will be no upfront monetary cost or deposit that DCE must make, as the costs for DCE will be paid through the PPPC and will be collected by SCE. In its current form, all DCE customers pay into the PPPC which will be in part allocated to fund the AMP regardless of a DCE decision to participate.

If DCE decides not to participate, SCE has indicated in its Advice Letter that it will prepare marketing materials and will reach out to eligible DCE customers to cover the delivery portion of their bills.

Qualified DCE Net Energy Metering customers will not be eligible to initially participate due to unanimous concerns about unequal participation in the Plan.

Attachments: Southern California Edison's Arrearage Management Plan Advice Letter and CalCCA's Protest Letter

SOUTHERN CALIFORNIA EDISON
An EDISON INTERNATIONAL® Company

Gary A. Stern, Ph.D.
Managing Director, State Regulatory Operations

September 9, 2020

ADVICE 4287-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Southern California Edison Company's Arrearage Management Plan

Southern California Edison Company (SCE) hereby submits to the California Public Utilities Commission (Commission or CPUC) the following changes to its tariffs. The revised tariffs are listed on Attachment A and are attached hereto.

PURPOSE

SCE hereby submits this Tier 2 Advice Letter (AL) pursuant to Ordering Paragraph (OP) 83 and 87 of Decision (D.)20-06-003. The purpose of this AL is to provide the implementation parameters and timeline for SCE's Arrearage Management Plan (AMP) as well as include these parameters in SCE's residential rate schedules for customers enrolled in either the California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) programs and within Rule 9, *Rendering and Payment of Bills*. In addition, SCE is modifying its Preliminary Statement Part BBB, Residential Uncollectibles Balancing Account, as further discussed below.

BACKGROUND

On July 20, 2018, the Commission issued Rulemaking (R.)18-07-005 to implement the requirements of Senate Bill 598 in order to address "disconnection rates across California's electric and gas investor-owned utilities by adopting policies and rules that reduce disconnections and improve reconnection processes and outcomes for disconnected customers."[1] On December 19, 2018, the Commission issued D.18-12-013 as an interim decision in this proceeding, which included provisions regarding Medical Baseline, customers 65 years and older, and customer protections during extreme weather conditions. On June 16, 2020, the Commission issued D.20-06-003 (the Decision), in Phase 1 of this proceeding adopting rules designed to

[1] R.18-07-005, Order Instituting Rulemaking (OIR), p.1.

P.O. Box 800 8631 Rush Street Rosemead, California 91770 (626) 302-9645 Fax (626) 302-6396

reduce the number of residential customer disconnections. The Decision adopted, with modifications, the interim provisions included in D.18-12-013.

The Decision also ordered the Investor-Owned Utilities (IOUs) to submit a Tier 2 AL within 90 days of the effective date of the Decision to establish an AMP.[2] The Decision requires that the AMP be designed to forgive 1/12 of a customer's total arrearage each month in exchange for the customer making on-time payments on their current bill. The customer would effectively have all arrears forgiven after one year of on-time payments. Furthermore, the Decision also established an AMP Working Group (WG) to discuss the AMP implementation plan and cost recovery between the IOUs and Community Choice Aggregators (CCAs). In July and August of 2020, an AMP WG comprised of stakeholder representatives[3] met four times[4] to work through the various AMP implementation and timing matters. On August 13, 2020, the IOUs received a letter from Deputy Executive Director for Energy and Climate Policy, Edward Randolph, strongly encouraging a proposal to start the AMP in 2020 and stating Energy Division (ED) would consider an implementation start date in April 2021 as being non-compliant with the Decision.[5]

Once approved by the Commission, the AMP will sunset after four years unless the Commission issues a decision extending, reauthorizing, modifying, or rescinding the AMP.[6] The CPUC will also open a proceeding three years after the adoption of the Decision to reauthorize the program.[7] After three years, the IOUs may also jointly file a Tier 3 AL with recommendations for improving the AMP.[8]

DISCUSSION

I. Implementation Timing for the AMP

SCE's proposes to start the AMP in 2020, consistent with the letter sent to the IOUs from the Commission's Energy Division Director Edward Randolph on August 13, 2020. However, SCE recognizes that time is required for approval of the AL and resolution of

2 D.20-06-003, OP 83 and 87.
3 The WG meetings included representatives from the CPUC, California Public Advocates (PAO), The Utility Reform Network (TURN), National Consumer Law Center (NCLC), California Department of Community Services & Development (CSD), Utility Consumers' Action Network (UCAN), Central Valley Urban Institute, Pacific Gas and Electric (PG&E), SCE, Southern California Gas (SoCalGas), San Diego Gas and Electric (SDG&E), California Community Choice Association (CalCCA), San Jose Clean Energy, Peninsula Clean Energy, East Bay Community Energy, Clean Power Alliance, Clean Power SF, Solana Energy Alliance, Clean Energy Alliance, and San Diego Community Power.
4 WG meetings were held on July 7, July 30, August 13, and August 28 of 2020.
5 Letter regarding AMP Implementation per D.20-06-003, from Deputy Executive Director Randolph dated August 13, 2020.
6 D.20-06-003, OP 86.
7 *Id.*, OP 85.
8 *Id.*, OP 84.

any protests that may arise. During the fourth WG meeting on August 28, 2020, stakeholders in attendance agreed to a start date for AMP based upon whichever is later between:

1. 90 days post August 13, 2020 letter from Energy Division; or
2. 45 days after approval of this AL[9]

Regulatory approval of the AL and the AMP parameters should precede implementation. In addition, the earliest start date of November 12, 2020[10] (90 days after the August 13, 2020 letter) provides SCE with necessary time to take into account any additional necessary factors that may arise through this AL process, finalize internal procedures, create outreach materials, and complete training of staff to create a better customer experience based on the final parameters of the AMP approved through the AL process. As such, the implementation time proposed above is reasonable, as the stakeholder agreement to this schedule demonstrates.

Notably, in a webinar hosted by Eversource[11] to provide the California IOUs with a better understanding of how AMP could be implemented, Eversource estimated that it took six to twelve months for their pilot program to be coded into their system. Under the proposed implementation timeline agreed to by the working group participants, SCE would be implementing a full program using a far more aggressive schedule that is less than half the low-end of the Eversource estimate for its pilot. In addition, SCE's AMP must be implemented using manual processes, necessitating additional training for employees. Thus, a request for an AMP start date to be the later between November 12, 2020, or 45 days after AL approval is reasonable and should be approved.

II. **AMP Program Details**

As required by the Decision, SCE's AMP will consist of a 12-month payment plan that forgives 1/12 of a customer's arrearage after each on-time payment of the current

[9] Stakeholders in the fourth WG meeting reached agreement on an *overall* AMP implementation plan, which included this start date and the other agreed-upon parameters as discussed and proposed herein. For example, as discussed in Section II.B., stakeholders agreed to postpone the availability of AMP to NEM customers so that AMP could be implemented sooner and within this proposed time frame. Thus, this proposed timeline must be considered collectively with—and as SCE explained during the WG, its feasibility depends on—other proposed parameters that were agreed upon by the WG as part of an aggregate AMP implementation plan. Should ED or the Commission substantially revise these parameters, SCE may need to revisit feasibility of the proposed implementation timelines.

[10] Pushed back one day from November 11, 2020 due to Veteran's Day holiday.

[11] Webinar on October 25, 2019, with summary attached to the Administrative Law Judge's (ALJ) Ruling on November 14, 2019. Webinar was also attended by the CPUC.

bill.[12][13] After 12 on-time payments of their current monthly bills, the customer's pre-existing debt, up to the AMP limit, would be fully forgiven.[14] Customers can receive up to $8,000 in arrearage forgiveness for each instance they enroll in AMP.[15] Additionally, customers can request to be on a Level Pay Plan (LPP), which would levelize their monthly payments and make them more predictable.[16] Both bundled and unbundled customers are eligible for the program.[17] For any AMP customer receiving assistance from the Low Income Home Energy Assistance Program (LIHEAP), the assistance will be applied to the customer's current monthly bills, not the arrearage.[18] Eligible customers currently on other payment plans can opt-in and have their payment plan replaced by AMP.[19]

To qualify for AMP, customers must:

- be enrolled in California Alternative Rates for Energy (CARE) or Family Electric Rate Assistance (FERA);[20]
- have total arrears $500 or greater, which are at least 90 days old;[21] and
- have been a customer of SCE for at least six months and have made an on-time payment.[22]

While participating in AMP, enrolled customers are protected from disconnection even after the current disconnection protections expire.[23] AMP customers can miss up to two non-sequential payments provided that the customer makes the missed payment on the next billing due date with an on-time payment of both the current bill and past bill.[24] If a customer misses two sequential or three non-sequential payments, they will be removed from the AMP. A customer who is removed from the AMP can reenroll, assuming they meet the eligibility requirements, after a 12-month waiting period, starting the month after they were removed from the program.[25] Customers who successfully

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[12] Current bill refers to current monthly charges and does not include any previous unpaid arrears prior to enrollment in AMP.

[13] D.20-06-003, OP 61.

[14] *Id.*, OP 62.

[15] *Id.*, p.105. SCE recognizes that OP 69 places an $8,000 cap per calendar year, and SCE's approach to forgive a maximum of $8,000 per customer per successful completion of AMP is consistent with that OP, the rest of the Decision, and discussions in the WG. Additionally, the customer will remain liable for any amounts above the $8,000 AMP forgiveness cap.

[16] *Id.*, OP 68.

[17] *Id.*, p.105.

[18] *Id.*, OP 67.

[19] *Id.*, OP 88.

[20] *Id.*, p.108.

[21] *Id.*, OP 52.

[22] *Id.*

[23] *Id.*, p.104. However, we note that currently broader disconnection protections are in place due to the COVID-19 pandemic.

[24] *Id.*, OP 64.

[25] *Id.*, OP 66.

complete the program may also enroll again if they meet the eligibility requirements and have completed the 12-month waiting period, starting the month after completing the initial AMP.[26] Any customers who are removed from CARE/FERA while on AMP will be given the opportunity to complete their AMP but would be unable to re-enroll in the future unless they met the eligibility requirements.

SCE will calculate the arrearage forgiveness each month after a customer's bill payment. This means if a customer exits AMP early, the customer will still receive debt forgiveness equal to the number of months they made current bill payments in the program.[27]

A. Proposed Program Parameters

The Decision does not explicitly state or define several program parameters for the AMP program, including arrearage requirements, what constitutes "on-time" payments, treatment of arrearage balances if customers exit the AMP early, and eligibility for customers with multiple service accounts receiving combined bills. Through collaboration with stakeholders through the WG process, SCE proposes the following program parameters.

- Customers are eligibile for the AMP even if only *some* (not all) of customers' $500 in arrears is at least 90 days old.
- Customers must have made, within the past 24 months prior to AMP enrollment, at least one payment that equals or exceeds their most current customer bill at the time of payment and that the payment was made prior to the due date of that bill.[28] SCE will review up to the past 24 months of the customer's billing history to make this determination.
- Customers who exit the AMP early may enroll in a 12-month payment plan for the remainder of the arrears.
- For customers that enroll in AMP with more than $8,000 in arrears, the customer would not be required to pay anything towards the balance greater than $8,000 while in the program. Once the customer exits the AMP, the customer would also be given the option to enroll in a 12-month payment plan for the remainder of the arrears.
- Customers with multiple service accounts (addresses) combined into a single bill (customer account) will be allowed to participate as long as any one of their service accounts qualifies for the AMP.[29]

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[26] *Id.*, OP 63.
[27] *Id.*, OP 65.
[28] SCE bill payment process requires that a customer pay their bill within 19 days of the bill issuance date to be considered on-time.
[29] SCE cannot separate the amount paid between the service accounts. Any resulting arrears also cannot be attributed to a single service account and are tracked at the customer account level.

B. Proposed Delay for Net Energy Metering (NEM) Customers to Enroll in AMP

NEM customers are those that have solar or other clean energy generation at their home. The energy that is produced minus the energy that is consumed equals the “net energy,” or the customer’s billed energy. Currently some of SCE’s NEM customers choose to be billed annually rather than monthly. Under this Annual Billing Option (ABO), the customer receives a monthly bill comprised of non-usage related and non-bypassable charges. These charges reflect the miminum amount due each month to support the cost of maintenance and operation for providing electricity. Once a year, the customer receives a “true-up” bill based on the net energy usage for the year.

Based on data from June 30, 2020, SCE estimates approximately one out of eight AMP-eligible customers are also NEM customers. For this subset of customers, being enrolled in AMP would allow for 1/12 arrearage forgiveness while paying a de minimis monthly bill. Compared to other CARE/FERA customers, NEM customers would similarly receive 1/12 arrears forgiveness for each monthly bill paid on-time while on AMP. But the NEM customer can defer any energy usage charges until their annual “true-up” bill, resulting in the NEM customer only being required to pay the minimum monthly charges each month. In contrast, CARE customers must cover their energy usage each month to get 1/12 arrears forgiven. The disparity for the NEM customer becomes evident at month 12 when the annual “true-up” bill is assessed. However while enrolled in AMP, the NEM customer would have already received up to 11 months of arrears forgiveness while paying far smaller monthly bills.

For example, in Table 1 (below), using illustrative customer bills to clarify the potential inequality between customers, the CARE customer and NEM customer both have an equal $1,200 in arrears. If both customers were to fall off AMP after month 11, the NEM customer would have received $1,100 in arrears forgiveness while being required to pay $55 in monthly bills. The CARE customer would have received the same $1,100 in arrears forgiveness but would have paid $1,100 in monthly bills. The CARE customer would have paid 20 times more than the NEM customer paid in monthly bills to receive the same amount of arrears forgiveness.

Table 1: CARE vs NEM (ABO) Customer AMP Comparison

	CARE/FERA AMP Eligible Customer	NEM & CARE/FERA Eligible Customer	*Formula*
Monthly Bill**	$100	$5*	*A*
Arrearage Balance**	$1,200	$1,200	*B*
Arrearage Forgiven Per Month	$100	$100	*C*
Total Arrears Forgiven at Month 11 on AMP	$1,100	$1,100	*D=C*11*
Total Amount of Bills Paid at Month 11 on AMP	$1,100	$55	*E=A*11*
$ in Arrears Forgiven Per $1 in Bills Paid	$1	$20	*F=D/E*
Arrears Remaining if Customer Exits AMP After Month 11	$100	$100	*G=B-D*

* Monthly bill does not include annual "true-up" bill for NEM customers.
** Bill amounts are illustrative. Actual monthly bills will vary by customer.

The WG discussed extensively in multiple meetings how to address this potential inequality, but was unable to arrive at an immediately viable solution that would allow NEM customers to enroll in AMP. The WG thus agreed to postpone the availability of AMP for NEM customers. Accordingly, and understanding that Emergency Consumer Protections[30] have suspended all residential customer disconnections for nonpayment until April 16, 2021, SCE proposes to delay enrollment of all NEM customers until the end of these protections.

During the delay, SCE intends to continue to collaborate with the WG and explore options that would address the inequality for NEM customers. One such option could be to require NEM customers that wish to enroll in AMP to switch from the ABO to the Monthly Billing Option (MBO). The MBO would require that the NEM customer pay off any outstanding balances monthly and is more aligned with the intent of AMP to promote good customer behavior for making on-time payments while also mitigating the potential inequality between NEM and non-NEM customers in AMP.

III. AMP Operational Impacts, Enrollment Facilitation

SCE is in the final stages of preparing for its Customer Service Re-Platform (CSRP) implementation and has constraints on making system changes. Specifically, a system freeze is currently in effect as part of the readiness efforts for CSRP. In addition to the "Go-Live" expected in the early second quarter of 2021, the new systems and operations will undergo a stabilization period for approximately six months. During this

30 Resolution M-4842.

period, system changes will be focused on defect correction and other stabilization needs.

Thus, SCE will be implementing the AMP through manual processes until after the CSRP stabilization period. Enrollment and monthly billing will both be performed manually until automation can be set up in the new customer service system. SCE estimates up to 6 full time equivalent (FTEs) per 10,000 customer enrollments will be necessary to enroll customers and perform the monthly billing and milestone notifications required for manual implementation of AMP. Because the program is entirely new to the state, SCE will adjust its staffing needs and estimates accordingly after the program starts.

As of June 2020, SCE estimates that more than 18,000 CARE/FERA customers are eligible for AMP. Table 2 below provides SCE's preliminary estimate regarding the total number of eligible customers and the customers' average monthly bills and total AMP-eligible arrears. SCE forecasts that these numbers will increase as the COVID-19 pandemic continues, however the total financial impact is currently unknown.

Table 2: Aggregated Customer Data as of June 30, 2020

Total AMP-Eligible Customers	18,267
CCA AMP-Eligible Customers	4,715
Percentage of CCA Customers	26%
Average (mean) Monthly Bill for AMP-Eligible Customers	$236
Median Monthly Bill for AMP-Eligible Customers	$146
Average (mean) Arrears for AMP-Eligible Customers	$967

A. Enrollment Facilitation

The Decision orders SCE to facilitate eligible customers' enrollment in AMP in a variety of ways. Namely, it requires that SCE provide eligible CARE and FERA residential customers with all information concerning AMP,[31] maintain a frequently asked questions (FAQ) section on SCE.com detailing how CARE and FERA customers can participate,[32] and offer eligible customers the opportunity to enroll in AMP when the customers call

[31] D.20-06-003, OP 54.
[32] *Id.*, OP 55.

the IOU for any reason.[33] It also orders that in every communication with an eligible CARE and FERA customer, SCE must inform the customer of the AMP plan rules, regulations, and how the AMP plan could help them.[34]

SCE recognizes that AMP is an entirely new program in the state of California. Given the unique features of the program, SCE anticipates that customers will likely have questions regarding the program. The Customer Service Representatives (CSR) in SCE's Customer Call Center (CCC) will play a critical role in the implementation of the program. They will be trained to inform eligible customers of the program details and benefits, address any customer questions, and handle customer enrollments in AMP. The CSRs will also be trained to verify eligibility and enroll eligible customers immediately on the plan when a customer calls in for any reason, including with additional questions on AMP, establishing payment arrangements, enrolling in other customer programs, etc.[35]

Additionally, SCE will provide eligible customers with all information concerning the AMP in its communications. SCE's website will be an important channel to help build program awareness. A FAQ page will be maintained on SCE.com containing information regarding customer eligibility, enrollment, maximum arrearage, program parameters, and rules on AMP and future re-enrollment. The customer would be directed to call the CCC with any additional questions. Also, SCE will assess opportunities to integrate AMP messaging into other relevant communications for eligble CARE and FERA customers.

As an additional avenue to facilitate enrollment, the Decision also requires SCE to allow eligible CARE and FERA residential customers the opportunity to enroll in the AMP when checking their account online or communicating with a CSR online.[36] When customers check their accounts online, SCE will direct customers to the FAQ page for the details regarding the AMP program. All of SCE's outreach materials regarding AMP would direct the customer to call in and enroll through a CSR. In addition, SCE understands that eligible customers may not use English as their primary household language. Therefore, SCE will provide enrollment assistance in the same additional languages as its CARE program: Spanish, Korean, Chinese, Vietnamese, and Cambodian.

B. Additional Customer Support once Enrolled in AMP

The Decision also requires that SCE provide customers with ongoing encouragement and support once enrolled in AMP.[37] If a customer misses a payment, a letter will be sent to the customer indicating the missed payment and providing the CCC number to

[33] *Id.*, OP 58.
[34] *Id.*, OP 60.
[35] *Id.*, OP 58.
[36] *Id.*, OP 59.
[37] *Id.*, OP 56.

call should the customer require help understanding their options and identifying any programs and/or resources that may help them get back on track with their payments.[38] Customers in AMP will also receive acknowledgement from SCE when they reach 3, 6, and 9 months of on-time payments.[39] As discussed above, should a customer exit AMP early, the customer would be offered a 12-month payment plan for the remainder of their arrears.

IV. AMP Reporting Requirements

SCE's annual reporting will support the Commission's assessment of impacts of the AMP as required by the Decision.[40] As outlined in the Decision,[41] SCE's annual AMP reporting would contain the following data:

Enrollment

- number of participants enrolled by customer group (CARE, FERA, Non-CARE/FERA, Medical Baseline, Total)[42]
- location of these customers (zip codes)[43]

Payment

- AMP success rate for customers[44]
- average arrearage amount for customers who successfully completed the AMP[45]
- average arrearage amount for customers who failed to complete the AMP[46]
- percentage of customers who missed one payment and made up the payment[47]
- percentage of customers who missed two payments and made up the payments[48]
- percentage of customers who missed two payments, did not make up the payments, and were removed from AMP[49]
- percentage of customers who made on-time payments during the six months following the end of their AMP (split by those who completed and failed to complete the AMP)[50]

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38 *Id.*, p.109.
39 *Id.*, OP 57.
40 *Id.*, OP 70.
41 *Id.*, pp.96-97.
42 *Id.*, OP 71.
43 *Id.*, OP 72.
44 *Id.*, OP 73.
45 *Id.*, OP 74.
46 *Id.*, OP 75.
47 *Id.*, OP 76.
48 *Id.*, OP 77.
49 *Id.*, OP 77.
50 *Id.*, OP 78 and 79.

Post-AMP Payment Behavior

- percentage of customers that acrrued new arrears within six months of completing the AMP[51]
- percentage of customers that accrued new arrears within six months of dropping out of the AMP[52]

Disconnection Eligibility Impacts

- number of customers accounts eligible for disconnection[53]

In addition to the annual reporting requirements for AMP, the Decision also requires the IOUs to file a status report, within 120 days of the beginning of each calendar year, regarding their compliance with the disconnection cap for the previous year.[54] Combining the reporting requirements for AMP and the disconnection cap would increase efficiency and simplify the timing for both requirements. With a start for AMP in the last months of 2020, there is unlikely to be much, if any, relevant data in 2020. Thus, SCE proposes the AMP reporting requirements to start in 2022 and be combined into a single report with the disconnection cap. The report would be filed within the 120 days of the beginning of the calendar year for the previous year.

V. Cost Recovery of AMP Debt Forgiven and CCA Concerns

In comments to the Proposed Decision, CalCCA raised concerns over cost recovery allocations between the CCAs and the IOUs.[55] During the first WG meeting on July 13, 2020, CalCCA presented and described its concerns to be that the CCAs will be disadvantaged in AMP due to the current partial payment allocation process, and CCA territories with higher AMP participation will bear a larger portion of costs than IOU customers in a similar position.[56] CalCCA proposed two cost recovery options to address these concerns. Option A would permit the recovery of all AMP debt forgiveness—both IOU and CCA—through the Public Purpose Programs (PPP) Charge, while Option B would have the IOU and CCA each bear responsibility for recovery of their share of the bad debt forgiven through AMP and modify the partial payment process to allocate those proportionally between the IOU and CCA.

A. Partial Payment Allocation

In response, SCE provided an overview of its Partial Payment Allocation process in the second WG meeting on July 30, 2020. SCE's process, which, under most circumstances, is different from the process described by CalCCA in its July 13, 2020 presentation and is informally known as the "zig-zag approach," alternating partial

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51 *Id.*, OP 80.
52 *Id.*, OP 81.
53 *Id.*, OP 82.
54 *Id.*, OP 5.
55 *Id.*, p.107.
56 CalCCA July 13,2020 presentation slides 3 and 8.

payments between the CCA and IOU based on the payment posting priority. SCE's current approach appropriately and equitably allocates partial payments between SCE and CCAs. As such, SCE is not proposing to make any changes to its Partial Payment Allocation process.[57]

B. Cost Recovery of Bad Debt Forgiven Through AMP

SCE agrees with CalCCA's assessment that customers served by load serving entities (LSEs) with higher AMP participation will bear a larger proportion of program costs relative to LSEs with lower AMP participation[58] under "Option B." CalCCA notes that "each governing board ***must approve a CCA's participation in the AMP***"[59] —an approach that is consistent with the position in its December 13, 2019 reply comments that CCA participation in a CPUC-established payment plan program is "optional."[60] It would be sub-optimal, from a customer communication and equity standpoint, for AMP availability to differ between similarly situated customers because certain LSEs view their participation as optional. During the fourth WG meeting, parties reached a consensus on a preference for "Option A." Thus, SCE proposes that the CPUC adopt "Option A" cost recovery for the bad debt forgiven through AMP to ensure that eligible customers of all LSEs have the program available to them. This policy is consistent with the cost recovery policy for the CARE program.[61]

SCE proposes that the costs from all bad debt forgiven through the AMP (AMP subsidies), which will include bundled service customers' generation-related forgiven bad debt, CCA (and other LSEs') customers' generation-related forgiven bad debt,[62] and delivery-related forgiven bad debt for all customers, be recorded in a new AMP sub-account of the Residential Uncollectibles Balancing Account (RUBA).[63] SCE also proposes that the balance in the AMP sub-account be transferred to the Public Purpose Programs Adjustment Mechanism (PPPAM) annually, allocated to customer classes using the currently-effective functional revenue allocation factors adopted for the PPP charge in the most recent General Rate Case Phase 2,[64] and recovered from all customers through the PPP charge.

SCE believes that this proposal, including the cost recovery of the AMP subsidies through the PPP charge, is properly submitted as part of this Tier 2 AL, because the Commission's Decision directs the implementation of AMP and specifically orders that

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[57] D.20-06-003, OP 87.
[58] CalCCA July 13,2020 presentation slides 8.
[59] *Id.* presentation slides 11, ***emphasis added.***
[60] CalCCA Reply Comments to November 14, 2019 ALJ Ruling, pp.3-4.
[61] D.05-12-041, p.4 and pp.52-53.
[62] SCE will render amounts recovered for CCAs' generation-related AMP subsidies to the CCA.
[63] SCE proposed establishment of the RUBA in Advice 4284-E.
[64] Advice 3957-E Table 2-B for SCE's current effective PPP revenue allocation factors.

CalCCA's issue of concern relating to the allocation of proportional recovery shall be discussed in the WG and a proposed resolution shall be set forth in this Tier 2 AL.[65]

C. CCA Notification of Intent to Participate in AMP

As mentioned in the previous section, the CCAs assert that each individual CCA must approve the CCA's participation in AMP. At this time, SCE has not received confirmation from the CCAs regarding their individual participation in AMP. Due to the rapid start of the AMP later this year, coupled with the need to create procedures and outreach materials for customers, SCE requests that the CCAs notify SCE within 45 days of this AL submittal regarding their intent to participate. Should a CCA decline to participate in AMP, SCE would allow the customer to receive forgiveness for the distribution related arrears. This would result in a separate set of communications for these specific customers. Thus SCE believes it necessary to quickly distinguish between which CCAs would participate and adjust accordingly.

D. Additional Reporting Support for CCAs

During the fourth WG meeting on August 28, 2020 the CCAs requested additional information be shared by the IOUs. Specifically, the CCAs requested the information listed below on a daily or weekly basis.

1. AMP Eligibility / Ineligibility Flag *(requested weekly)*
2. AMP Enrollment Flag *(requsted weekly)*
3. AMP Start / End Date *(requested weekly)*
4. Missed Payments Tracking *(requested daily)*
5. Total Expected AMP Dollar Amount *(requested daily)*
    a. Total Expected Generation Dollar Amount
    b. Total Expected Distribution Dollar Amount
6. Processed AMP Dollar Amount *(requested daily)*
    a. Processed Generation Dollar Amount
    b. Processed Distribution Dollar Amount

SCE understands the need for CCAs to be able to track the status of their customers while enrolled in AMP. However, it is largely expected that any change to a customer account would be occurring on a monthly cadence. The added benefit of using the PPP charge to recover all debt forgiven should help alleviate some of the concerns from the CCAs regarding how much debt is being forgiven on a daily basis.

While this additional reporting is not required by the Decision, SCE will continue working with its CCAs to work through any customer data privacy issues and to reach agreement on providing information in a timely manner. However, with SCE

[65] D.20-06-003, OP 87. Of course, should the Commission direct another approach for cost recovery, SCE will abide by Commission orders.

implementing AMP through manual processes, any reports will need to be gathered manually and will necessitate additional resources. In order to minimize the impact to ratepayers, SCE proposes to provide any reports to the CCAs on a monthly basis until SCE can automate AMP into its new customer service system, at which point SCE can consider requests to change the cadence of providing the information, if appropriate.

PROPOSED TARIFF CHANGES

In compliance with OPs 52, 61 through 66, and 69, a new AMP Special Condition is being added to SCE's residential rate schedules for customers enrolled in either the CARE or FERA program. Rule 9 is also revised with the same language.

Schedules D-CARE, D-FERA, TOU-D and TOU-D-T

> Arrearage Management Plan (AMP): AMP is a debt forgiveness payment plan option for eligible residential Customers. An eligible Customer is a Customer who has been an SCE Customer for a minimum of six months, enrolled in the CARE or FERA program, made at least one on-time payment,[66] and has a past due bill (i.e., arrearage) balance of $500 or greater which is 90 days or older. Once enrolled in the AMP, SCE shall forgive 1/12 of an eligible residential Customer's arrearage after each on-time payment. After 12 on-time payments, SCE shall forgive the remaining arrearage debt up to a maximum of $8,000 per instance of enrollment. After successfully completing the AMP plan, a customer can re-enroll after a 12-month waiting period beginning the first month after the AMP was successfully completed. A Customer can miss up to two non-sequential payments if the Customer makes up the payment on the next billing due date with an on-time payment of both the current and missed payments. On the third instance, the Customer will be removed from the AMP. If a Customer is removed from AMP before reaching 12 on-time payments, there will be no impact on the 1/12th debt forgiven for previous on-time payments. Customers who are removed from the AMP program may re-enroll after a 12-month waiting period, assuming they meet the eligibility requirements, beginning the first month after the eligible Customer was removed. Any Customers who are removed from CARE/FERA while on AMP will be given the opportunity to complete their AMP but will be unable to re-enroll in the future unless they met the eligibility requirements. Low-Income Home Energy Assistance Program assistance will be applied to the monthly bills, not the arrearage.

In addition, and as discussed above, in this advice letter SCE modifies Preliminary Statement Part BBB, RUBA, to add a AMP subaccount for the recovery of AMP-related forgiven debt.

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[66] An on-time payment is defined as payment that equals or exceeds the current monthly bill within 19 days of the bill date.

TIER DESIGNATION

Pursuant to OP 83 of D.20-06-003, SCE submits this advice letter with a Tier 2 designation.

EFFECTIVE DATE

This advice letter will become effective on the later of November 12, 2020 or 45 days after approval.

NOTICE

Anyone wishing to protest this advice letter may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice letter. Protests should be submitted to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Gary A. Stern, Ph.D.
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Telephone: (626) 302-9645
Facsimile: (626) 302-6396
E-mail: AdviceTariffManager@sce.com

Diana Gallegos
Senior Advisor, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may submit a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice letter to the interested parties shown on the attached GO 96-B and R.18-07-005 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by submitting and keeping the advice letter at SCE's corporate headquarters. To view other SCE advice letters submitted with the Commission, log on to SCE's web site at https://www.sce.com/wps/portal/home/regulatory/advice-letters.

For questions, please contact Eric Lee at (626) 302-0674 or by electronic mail at eric.lee@sce.com.

Southern California Edison Company

/s/ Gary A. Stern, Ph.D.
Gary A. Stern, Ph.D.

GAS:el:jm
Enclosures

September 29, 2020

CPUC Energy Division
Attn: Tariff Unit and Edward Randolph, Director
505 Van Ness Avenue
San Francisco, CA 94102

By email: EDTariffUnit@cpuc.ca.gov

Re CalCCA Protest to Southern California Edison's and San Diego Gas and Electric's AMP Advice Letters in response to Decision 20-06-003

Dear Tariff Unit and Mr. Randolph:

Pursuant to General Order 96-B, CalCCA[1] submits this protest to Southern California Edison Advice Letter 4287-E and San Diego Gas and Electric Advice Letter 3602-E / 2902-G ("Advice Letters").

Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E) filed their Advice Letters on September 9, 2020 in response to Decision ("D") 20-06-003, Ordering Paragraph ("OP") 83 and OP 87.

> OP 83: To implement the arrearage management payment (AMP) plan, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company must each file a Tier 2 Advice Letter within 90 days of this decision to implement the AMP plan.
>
> OP 87: The issue of concern raised by CalCCA as it relates to the allocation of proportional recovery shall be discussed in the AMP working group and a proposed resolution shall be set forth in the Tier 2 Advice Letters that Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company file.

[1] CalCCA was formed in 2016 as a trade organization to facilitate joint participation in certain regulatory and legislative matters in which members share common interests. CalCCA's voting membership includes CCAs serving load and others in the process of implementing new service, including: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, CleanPowerSF, Clean Energy Alliance, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, MCE, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

While the Advice Letters adequately addresses the requirements established in D.20-06-003, certain provisions require further clarification.

1. The Advice Letters should clarify how often SCE and SDG&E plan to remit amounts recovered for generation-related arrears to the CCA.

CalCCA is supportive of SCE and SDG&E's proposals to have all debt forgiven through the AMP, including third-party charges, tracked in the residential uncollectibles balancing account and then recovered through the public purpose programs charge.[2] Additionally, SCE states that it "will render amounts recovered for CCAs' generation-related AMP subsidies to the CCA"[3] but does not clarify how often (e.g., on a monthly basis or quarterly basis) the amounts recovered would be transmitted to the CCA. SCE's Advice Letter should be re-filed to clarify this detail.

Furthermore, CalCCA is concerned that SDG&E does not make any statement that it plans to render amounts recovered for forgiven CCA arrears to CCAs in its Advice Letter. Thus, the Advice Letter should be re-filed to clarify SDG&E intends to render all amounts recovered for third-party charges that are forgiven to the third party to which they were owed, and clarify the frequency and process through which such amounts will be rendered. Specifically, SDG&E should clarify whether it plans to remit funds collected to recover debt-forgiveness costs to CCA programs using the same process and with the same frequency, i.e., daily, that it uses to process CCA program charges under SDG&E Rule 27. To the extent that the remittance process deviates from the process described in Rule 27, SDG&E should provide a detailed explanation regarding how its plan differs from that process.

2. SCE and SDG&E should be required to provide program information at the intervals requested by the CCAs, and SDG&E should clarify what information it will provide CCAs that notify it that they intend to participate in the AMP.

As described in the Advice Letters, SCE and SDG&E's proposals for additional information to-be reported to CCAs about the AMP differ significantly. SCE correctly describes that CalCCA requested the following information to-be able to track the status of unbundled customer who are enrolled in the AMP:

1. AMP Eligibility / Ineligibility Flag (requested weekly)
2. AMP Enrollment Flag (requested weekly)
3. AMP Start / End Date (requested weekly)
4. Missed Payments Tracking (requested daily)
5. Total Expected AMP Dollar Amount (requested daily)
    a. Total Expected Generation Dollar Amount

[2] SDG&E Advice Letter at pp. 6-7 and SCE Advice Letter at p. 12.
[3] SCE Advice Letter at p. 12.

b. Total Expected Distribution Dollar Amount
6. Processed AMP Dollar Amount (requested daily)
    a. Processed Generation Dollar Amount
    b. Processed Distribution Dollar Amount.[4]

Although CalCCA requested the information on a daily or weekly basis, CalCCA understands that both SCE and SDG&E will be implementing AMP through manual processes until SCE can automate the AMP in its customer service system and SDG&E completes deployment of its customer information system ("CIS"). SCE and SDG&E should clarify when they plan to automate the AMP program in their customer service systems, and provide the requested information at frequencies requested as much as possible.[5] The information described above should be regularly provided to CCA programs on at least a weekly basis to provide timely information about AMP participation and avoid costly and time consuming account reconciliations that would be required if the data is provided on a less frequent basis.

Furthermore, SDG&E states that it "does not intend to deviate from any of the reports currently provided to its CCAs" and that it "will work with its current CCA, Solana Energy Alliance, to accommodate data requests prior to implementation of the new CIS system."[6] CalCCA find this troublesome because having to formally data request information for an ongoing program is not only slow and inefficient but also does not allow a CCA to have any visibility into which of its customers are eligible for or enrolled in the AMP because eligibility is determined based on both IOU and third-party arrears. Additionally, the dollar value of arrears that are expected to be forgiven, the value of forgiven amounts that have been processed, and whether a customer has made the monthly payment it was supposed to make and is still in good standing in the program must be communicated to the CCAs that participate in the program. It is essential for a CCA to have access to data about the arrearage amounts it is owed that will be forgiven in order to update its billing system logic and billing system reporting to coordinate the third-party billing side of an unbundled customer's bill.

3. SCE should clarify whether a CCAs notice of intent to participate in the AMP is requested 45 days from the date of approval of the Advice Letters.

SCE states that it "requests that the CCAs notify SCE within 45 days of this AL submittal regarding their intent to participate" in the AMP.[7] CalCCA requests that SCE modify the Advice Letter to state that it requests notification 45 days after the approval of the Advice Letter. CalCCA finds it unreasonable that CCAs are being asked to determine whether or not they will participate in the AMP without knowing exactly what the final Advice Letters that are approved by the Commission will state about the how the AMP will be implemented.

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[4] SCE Advice Letter at p. 13.
[5] SCE Advice Letter at p. 13.
[6] SDG&E Advice Letter at p. 7.
[7] SCE Advice Letter at p. 13.

ITEM 6B

Desert Community Energy Board Meeting
November 16, 2020

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Establishment of Rate Stabilization Schedule**

Contact: Don Dame, DCE Energy Consultant

Recommendation: Adopt DCE Resolution 2020-07 approving a DCE Rate Stabilization Schedule effective December 1, 2020.

Background: A primary DCE financial objective is to maintain revenues sufficient to recover all business operating costs including attaining designated reserve balances. As a Community Choice Energy provider, DCE's advantages include local control and the ability to timely develop and implement revenue structures to meet financial policies and goals. Rate levels forecast and implemented in advance of retail sales, however, inevitably result in actual revenues above or below cost of service. This is especially true in the electric power business because weather events and corresponding price/load volatility (like the heat storms experienced in August and September of this year) may result in actual power supply costs substantially in excess of forecast costs. Most utilities have adopted rate stabilization mechanisms to compensate for these types of cost uncertainties in order to more closely balance revenues and costs.

During DCE's CCA start-up preparations, staff and Board members discussed the expectation of addressing rates matters once annually. Tellingly, DCE's business experience to date includes four rate revisions during the current year. Recent market volatility combined with upcoming and ongoing SCE rate changes and CPUC PCIA/regulatory actions, suggest DCE consider more flexible rate adjustment tools to maintain revenue sufficiency, respond to market and regulatory changes, avoid potential negative cashflow situations, and meet the Board's established financial goals. At the October DCE Board meeting, staff provided an overview of current market conditions, DCE financial policies and goals, and revenue stabilization techniques. Based on feedback from the Board and further analysis, DCE staff is now recommending the DCE Board adopt a rate stabilization schedule effective December 1, 2020.

Revenues, Rates and Reserve Policies:

DCE has adopted revenue and financial policies which require recovery of all business operating costs and building of financial reserves. In DCE's Implementation Plan that DCE filed with the CPUC, DCE succinctly states its overall revenue objective:

> DCE will establish rates sufficient to recover all costs related to operation of the Program, including any reserves that may be required as a condition of financing, and other discretionary reserve funds that may be approved by the Board of Directors. (IP, p. 26)

DCE's Rate Setting Policy #18-12 includes:

> The DCE Board will adopt budgets and establish cost-based retail rates for its electric generation service that provide revenue sufficient for the continued financial health of Desert Community Energy. Ratepayer revenues will support DCE program operations including maintaining revenues necessary to meet operating costs, reserve targets, debt repayment, and DCE's obligations under its power supply and other contracts, including future programs and projects.

DCE's Financial Reserve Policy #18-10 includes:

> Establishing operating reserves that build over time is a critical component of enterprise risk management, prudent fiscal management, contingency planning and implementation and funding of long-term program goals.
>
> and
>
> This policy establishes an initial operating reserve accumulation target equal to 30% (120 days operating capital) to 40% (150 days operating capital) of the most current Board approved DCE operating budget, including power supply, within the first 3 years of operations. The target reserve accumulation will increase to 50% (180 days operating capital) of the most current Board approved DCE operating budget by the end of DCE's 6th year of operation.

DCE's Fiscal Year 2020-2021 budget was adopted in June 2020 and projected a corresponding total CCA Program and power supply budget amount of $36.25 million. To be consistent with Policy #18-10 above, DCE should attain a 30-40 percent operating reserve within the first three years of operation, accumulating approximately $11.0 to $14.5 million in reserves by April 2023 (or an average monthly reserve contribution of $300,000 to $400,000). Currently DCE is contributing $500,000 monthly to its restricted reserve account.

Revenue and Rate Variability:

All electric utilities develop forecasts of cost and revenue requirements based upon informed technical estimates of future weather, load, market power prices and other business conditions. Actual outcomes inevitably vary and in extreme instances outcomes may vary significantly. DCE, much like other California utilities, experienced just such variability during August 2020 when excessively hot weather and market price increases pummeled the western United States. The net cost impact of this event to DCE was about $850,000 (and would have been closer to $3.5 million absent DCE's risk management and hedging practices). Utilities affected by such events must recover such costs from customers or draw from reserve funds if available. SCE's bundled customers face the same situations and will incur resulting added costs by way of future SCE balancing account or rate adjustments.

CCAs in general - and DCE specifically - face two additional revenue impacting uncertainties: SCE rate revisions and changes to the Power Charge Indifference Adjustment (PCIA). Alterations to these components result in a corresponding and direct need for DCE to adjust rates (upward or downward) to maintain adopted rate and financial objectives.

Rate Stabilization Tools:

Rate stabilization tools allow a utility to adjust revenues in response to actual incurred costs which are greater or lesser than projected costs forecast during budget development and rate setting processes.

Automatic revenue adjustment approaches explicitly acknowledge that events and many cost elements affecting customer rates are not directly controlled by the utility. Annual budget development, month ahead forecasts, and the like represent reasoned estimates of future weather, load, market prices and other expectations. Actual financial outcomes vary. Automatic rate adjustment mechanisms allow a utility to recover costs it would have otherwise included in rates if it had perfect foresight, and to reduce rates in the instance costs included in rates exceed actual costs.

Typically, decision makers approve and implement automatic adjustment mechanisms to respond to costs beyond business control and which can be calculated and tracked over time, and corresponding rate adjustments generally flow through to customers by way of one or more rate schedule line items and or debits/credits, almost always applied volumetrically. DCE staff has presented information to the Board on rate processes and financial goals during previous DCE rate actions and more recently staff provided background on automatic revenue adjustment mechanisms and review of DCE financial goals at September and October 2020 Board meetings.

Attached is staff's recommended Rate Stabilization Schedule which addresses three DCE cost categories for which automatic adjustment appears appropriate:

1) wholesale energy cost;
2) subsidy of low-income customers receiving Carbon Free electricity; and
3) SCE rate and PCIA related impacts.

From an oversight perspective, automatic adjustments allow for the timely tracking, calculation and collection of costs which must be recovered and are the responsibility of DCE and its rate payers. Such adjustments adhere to formulas, rules and limitations as set forth and authorized by the Board. Moreover, credit rating agencies look favorably on automatic adjustment mechanisms as such tools provide an added measure of financial stability. This is important to DCE as, over time, DCE will likely move toward acquiring additional longer term power supply contracts and local resources, and attaining an investment quality credit rating will be beneficial for both attracting business counterparties and pursuing least cost financing options.

Rate Adjustment Parameters:

The DCE Board has previously provided direction to establish DCE rate levels. First, DCE established Desert Saver rates within a 0-1% average total bill discount versus SCE's comparable, base bundled product. Second, DCE established 100% Carbon Free rates at a 10% or less average total bill premium versus SCE's base bundled product. This Board direction occurred during DCE's preparations and prior to actual DCE operating experience and there are multiple cost drivers challenging DCE's current rate parameters. Staff recommend DCE implement the Rate Stabilization Schedule with these current rate parameters. However, staff simultaneously recommend that the City of Palm Springs take appropriate action to adjust DCE's 100% Carbon Free premium from 10% to 14% above SCE's average base product bill. And if and when the City of Palm Springs authorizes such change, the rate parameters in DCE's Rate Stability Schedule are to be updated accordingly. That is, net of any applied or to be applied adjustment(s), DCE's Desert Saver rate, on average, shall not exceed parity versus SCE's base product bundled rate; and DCE's 100% Carbon Free rate, on average, shall not exceed a 10% premium above SCE's bundled base product. DCE's 100% Carbon Free premium shall be revised to up to 14% given the appropriate authorization from the City of Palm Springs. And within these rate bounds, the intent is to provide the largest Desert Saver discount and the smallest 100% Carbon Free premium as reasonably practicable consistent with existing DCE rate and financial policies. With the CCA electric service launch in the City of Palm Springs, the DCE Board also approved a subsidy that allows customers in the California Alternative Rates for

Energy (CARE) and Family Electric Rates Assistance (FERA) programs to receive DCE's Carbon Free product at Desert Saver rates.

Recommended Rate Parameter Changes:

As indicated above, DCE's revenue stream is currently insufficient to meet all business costs and build necessary reserves. Implementing the recommended RSS with the current 0-1% Desert Saver discount and up to 10% Carbon Free premium versus SCE's bundled base product will augment DCE's ability to more timely match revenues and costs. The current 10% Carbon Free premium, however, does not provide sufficient revenue margins to assure all DCE's business obligations and policies are met. Consequently, staff is also recommending that the City of Palm Springs authorize an increase in DCE's 100% Carbon Free premium bound to up to 14% greater than SCE's base product, on an average total bill basis. And if and when the City of Palm Springs takes such action, staff recommends DCE Board approval to utilize such increased Carbon Free product premium when implementing and administering the RSS.

Adjustment Limitations and Reporting:

Staff recommend that any automatic rate adjustment projected to exceed existing DCE rate guidelines, as may be modified from time to time by the Board, may not be implemented without Board authorization. Staff also propose a summary report be prepared and conveyed to the Board at the next Board meeting following any rate adjustment(s) implemented pursuant to the RSS.

Flexible Rate Considerations:

Current and ongoing SCE rate actions and PCIA revisions will require corresponding adjustments to DCE rates. In addition, DCE's current rates are not providing sufficient revenue to accumulate target reserve balances and avoid potential future negative cashflow situations. More definitive SCE/PCIA related impacts will likely be available over the next two months. Adopting a flexible rate adjustment approach in accord with existing financial policy will allow staff to tune rates to achieve a balance between meeting prescribed discounts and premiums, assuring revenues track current costs and accomplishing other DCE financial goals. DCE staff anticipate the first rate adjustment pursuant to the RSS will likely occur in December 2020 or January 2021, and will be an upward rate adjustment.

Proposed Timing and Approach:

With this item, staff recommends the Board adopt the attached Rate Stabilization Schedule with an effective date of December 1, 2020. This action will allow staff to:

- Adjust DCE rates in response to SCE rate and PCIA changes.
- Adjust rates when necessary to recover the 100% Carbon Free subsidy applicable to CARE/FERA customers and other qualified accounts given any material increase or decrease in the amount of such subsidy.
- Adjust rates upward or downward in response to actual and/or forecast changes in wholesale power supply costs.
- Implement stabilization rate changes related to power supply cost changes no more than once during each quarter of the calendar year.
- Assure any such changes adhere to current Board approved DCE Desert Saver and 100% Carbon Free discount and or premium policies.
- Report to the Board the results of any such rate adjustments at the next DCE Board meeting after such adjustments are made.

- Any automatic rate adjustment which is estimated to exceed currently authorized discount/premium percentages shall not be implemented without attaining Board authorization and approval.
- Adjust rate parameters implemented within the RSS based upon any subsequent authorization by the City of Palm Spring to revise Desert Saver and or 100% Carbon Free discounts or premiums.

In summary, DCE's power supply and operating costs are recovered by setting retail rates and attaining corresponding customer revenues. DCE's financial objectives include recovery of all operating costs and building prudent reserve funds. During budget and forecasting processes, DCE estimates many cost components which inevitably vary based on the timing of actual operations, and DCE may accordingly over- or under-recover such costs. Adopting the attached Rate Stabilization Schedule will provide added capability for DCE to timely balance costs and revenues within Board prescribed policies and limits.

Fiscal Analysis:

Adoption of the attached Rate Stabilization Schedule will augment timely balancing of DCE costs and revenues and is thus revenue and cost neutral. Further, maintaining revenue sufficiency complies with existing rate, financial and risk management policies and will assure DCE's ongoing ability to meet Program goals and reserve fund objectives.

Attachments:
1. Proposed Rate Stabilization Schedule
2. Sample Adjustment 1
3. Sample adjustment 2

RESOLUTION NO. 2020-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY ADOPTING RATE STABILIZATION SCHEDULE

WHEREAS, Desert Community Energy (DCE) is a joint powers authority established on October 30, 2017 for the purpose of implementing community choice aggregation programs under Public Utilities Code Section 366.2.0;

WHEREAS, under Section D of DCE's Joint Powers Agreement (JPA), DCE's mission includes building "… a Community Choice Aggregation program that is locally controlled and delivers cost-competitive clean electricity, product choice, price stability, energy efficiency and greenhouse gas emission reductions";

WHEREAS, under Section 2.5.12 of the JPA, DCE has the power to adopt Operating Rules and Regulations;

WHEREAS, under Section 3.11.9 of the JPA, the DCE Board has the power to set rates for power sold by DCE and the setting of charges for any other category of service provided by DCE;

WHEREAS, the Board has established CCA Program policies and goals which provide for meeting all operating costs and building operating reserves;

WHEREAS, the Board has established CCA rate setting parameters providing for an average total bill discount on DCE's Desert Saver product and an average total bill premium on DCE's 100% Carbon Free product when compared to SCE's average total base product bill;

WHEREAS, the Board has received information and had discussion regarding the use and applicability of automatic rate and revenue stabilization mechanisms commonly used by electric utilities; and

WHEREAS, the Board desires to implement a rate stabilization schedule for DCE which provides for the timely adjustment of DCE rates within Board prescribed parameters in order to maintain revenue sufficiency, build reserves and achieve DCE financial polices and objectives.

NOW THEREFORE BE IT RESOLVED, THE BOARD OF DIRECTORS HEREBY:

1. Adopt and approve DCE's Rate Stabilization Schedule with an effective date of December 1, 2020;
2. Affirm DCE's existing rate setting parameters which provide for a 0-1% average total bill discount on DCE's Desert Saver product when compared to SCE's average total base product bill, and up to a 10% average total bill premium on DCE's 100% Carbon Free product when compared to SCE's average total base product bill;
3. Recommend that the City of Palm Springs review and adjust its 100% Carbon Free product premium percentage to up to 14% above SCE's base product average total bill.
4. Authorize DCE staff to revise and supersede DCE's Desert Saver product total bill discount range and or DCE's 100% Carbon Free product total bill premium range identified in No. 2 above to become effective the date such changes are approved by the City of Palm Springs;

5. Direct staff, when implementing stabilization adjustments, to apply the largest practicable Desert Saver discount and the smallest practicable Carbon Free premium consistent with DCE's Rate Stabilization Schedule, DCE's rate setting parameters and DCE's financial policies and goals;
6. Direct staff to report rate changes implemented pursuant to DCE's Rate Stabilization Schedule at the next following DCE Board meeting.

ADOPTED AND APPROVED by the Board of Directors of Desert Community Energy on this 16th day of November 2020.

AYES:
NOES:
ABSTAIN:
ABSENT:

Geoff Kors
Chair, Desert Community Energy

Attest:

Tom Kirk
Secretary, Desert Community Energy

DESERT COMMUNITY ENERGY
RATE STABILIZATION SCHEDULE

A. Energy Cost Adjustment
B. Electric Subsidy Adjustment
and
C. IOU Cost Adjustment

A. ENERGY COST ADJUSTMENT (ECA)

1. An ECA shall be applied to, or included in, customer retail electric bills under DCE service schedules on the basis of total energy use. The ECA is intended to recover the costs of purchased power including renewable resources, energy, energy hedges, resource and capacity adequacy products, and demand side management (DSM) costs, inclusive of any revenue losses, through application of the Energy Cost Adjustment Factor (ECAF), and reserve contributions and other variable operational costs as specified.

2. The ECAF shall be calculated four times each year and shall take effect January 1, April 1, July 1, and October 1, or as soon thereafter as reasonably practicable. Any given ECAF calculation(s) which results in an adjustment too small to warrant implementation (generally less than +/- 1.0%) may, at staff's discretion, be cumulated with a subsequent quarterly ECAF.

The ECAF formula, expressed to the nearest $0.00001 per kilowatt-hour (kWh), is:

$$\text{ECAF} = \frac{(a)+(b)+(c)+(d)}{(e)} - (f)$$

Where:

(a) is forecast purchased power expense for the 12-month period commencing with the effective date of the ECAF. This expense shall include all charges associated with resource adequacy and other capacity requirements, transmission service, CAISO charges and fees, energy purchased by DCE from all sources, contributions to DCE's operating reserves, and any energy purchase prepayment expense for which expenditures have been approved in advance by the DCE Board for inclusion in the purchased power component of the ECA.

(b) is the estimated expense associated with procurement and acquisition of renewable portfolio standard (RPS) resources not otherwise included in component (a) above, for the 12-month period commencing with the effective date of the ECAF. This expense includes charges associated with renewable resource energy, capacity, RPS related prepayment expense, operation and maintenance, depreciation, and interest expenses for generation and transmission as and which have been approved in advance by the DCE Board for inclusion in the RPS component of the ECA.

(c) is the estimated Demand-Side Management (DSM) cost, reduced by funding received from other sources, for qualified DSM projects not otherwise included in component (a) above, for the 12 month period commencing with the effective date of the ECAF. DSM costs include charges incurred for the acquisition and installation of devices and systems, including incentive payments, audit costs related to DSM, and administrative costs, which are part of those programs or projects designed to lower and control power system demand or consumption, and for which expenditures have been approved in advance by the DCE Board for inclusion in the Demand-Side Management component of the ECA.

(d) any balance in the ECA Account, as described in Section 3 below.

(e) estimated total retail energy sales for the 12 months commencing with the effective date of the ECAF.

(f) initial energy cost factor:

Effective upon enactment: $0.06786 / KWh (Est. from Nov. 2020 TEA FiMo run for December 1, 2020 through November 30, 2021)

(this value represents the most recent TEA FiMo estimate for the twelve months commencing December 1, 2020, and may be updated based upon actual SCE rate, balancing account and PCIA changes)

For calculation purposes, cost categories (a), (b) and (c) may be aggregated within category (a), in which case categories (b) and (c) shall be set to zero.

3. An ECA Account shall be established and maintained by DCE. Entries to this account shall include:

(a) At the end of each month, an amount equal to the expenses identified above as recorded, or preliminarily estimated, for the month.

(b) At the end of each month, an amount equal to the net cost or credit for the disposal of residues, uncollectible ECA portion of customer energy bills as recorded during the month, and expenses recognized for any legal matter, or judgment or settlement including interest payments thereon, or the reasonable estimated of such charges..

(c) Less: At the end of each month, any refunds (including interest) received by DCE from any of its energy suppliers and or revenues collected from the sale of renewable electrical energy, or the reasonable estimate of such amounts.

(d) Less: At the end of each month, an amount equal to the net revenue from wholesale energy sales to other electric utilities, power marketers or other counterparties, or the reasonable estimate of such amounts.

4. Any given ECA may result in an upward or downward adjustment of DCE rates given then existing or reasonably estimated economic and financial circumstances at the time of such

ECAF calculation. To facilitate implementation, the ECAF may be applied by way of combining with DCE's average generation rate or other applicable charges.

<u>B. ELECTRIC SUBSIDY ADJUSTMENT (ESA)</u>

1. An ESA shall be applied to, or included in, retail electric bills under each DCE service schedule, and any contracts wherein it is specified. The ESA shall be based on total retail energy use. The ESA is intended to recover the cost of credits / subsidies applicable to active CARE / FERA and other qualified customers accounts which are receiving DCE's 100% Carbon Free power product with respective retail billing charges based on DCE's Desert Saver power product.

The Energy Subsidy Adjustment Factor (ESAF) shall be calculated once each year and shall become effective on January 1, or as soon thereafter as practicable, or may be included as part of DCE’s annual fiscal year budget process.

2. The ESAF shall be determined by the following relationship and expressed to nearest $0.00001 per kilowatt-hour.

$$\text{ESAF} = \frac{(a) + (b)}{(c)}$$

Where:

(a) = the total annual estimated subsidy cost associated with CARE / FERA / lifeline / low-income, and other qualified and applicable accounts, including applicable administrative costs allocated to the residential classes in proportion to corresponding annual forecast energy use.

(b) = the residual allocation of the balance in the ESA account as described in 3 below.

(c) = the forecast annual total DCE retail energy sales, excluding CARE / FERA / lifeline / low-income, and other qualified and applicable accounts' forecast sales for the 12-month effective period starting January 1 (or during DCE’s applicable budget year).

DCE's initial ESAF adjustment of approximately $0.00166 / kWh is derived from Item 6B, February 2020 DCE Board Meeting.

3. An ESA Account shall be established and maintained by DCE. Entries to this account by the end of each calendar year shall include:

(a) The sum of all respective electric subsidy credits for such calendar year.

(b) The share of any administrative costs attributable to managing and tracking respective electric service subsidies for such calendar year.

(e) Less the total subsidy amount billed and collected from all customer classes for such calendar or fiscal year under the ESA.

4. The initial set ESA charge shall be as estimated and effective for the 12-month period beginning January 1, 2021 (net of any subsidy shortfall or over collection occurring during calendar year 2020), and application of subsequent annual adjustments shall commence on January 1, 2022, or as otherwise directed by the Board. Alternatively, the Board may prescribe such annual calculation to coincide with DCE's annual fiscal year budget process.

5. Any given ESA may result in an upward or downward adjustment to DCE rates given the forecast number of accounts receiving subsidies and total retail sales volumes at the time of ESAF calculation. To facilitate implementation the ESAF may be applied by way of combining with DCE's average generation rate or other applicable charges. Any given ESA calculation which results in an adjustment too small to warrant implementation may, at staff's discretion, be cumulated with a subsequent ESA.

C. IOU COST ADJUSTMENT (ICA)

1. An ICA shall be applied to, or included in, customer retail electric rates under DCE service schedules on the basis of energy use. The ICA is intended to recover and adjust DCE revenues to remain within Board authorized generation and or total bundled rate discounts or premiums, as applicable, versus corresponding Southern California Edison (SCE) total bundled rates established for SCE bundled service customers. Such adjustment(s) shall occur if and when SCE revises its costs and or other factors affecting the PCIA, generation rates, balancing account charges, and or other SCE and or CPUC related actions which directly and materially affect DCE's revenues and Board authorized rate discounts or premiums.

The ICA shall be calculated during the year as warranted following such actions by the CPUC and or SCE which result in material changes to DCE Board authorized rate discounts and or premiums. DCE intends to calculate and implement any such warranted ICA within 90 days following SCE's implementation of any such revisions, or as soon thereafter as reasonably practicable. The timing, frequency and financial impact of CPUC and SCE actions which may affect the ICA are not known in advance and may occur multiple times during any given year.

2. Board approved discount and premium ranges and targets for DCE’s power products as of RSS effective date:

(a) Desert Saver: the average total bill discount range for Desert Saver product is, on average, 0% to 1% below SCE's corresponding bundled base product total bill.

(b) Carbon Free: the average total bill premium range for DCE's 100% Carbon Free product is not to exceed 10% above SCE's corresponding average total bundled base product bill.

Note that due to the particulars of various rate design techniques, existing SCE rate schedule design, and customer class characteristics, actual discounts / premiums applicable to any particular customer and or customer class may vary.

3. Revisions to DCE's Desert Saver product total bill discount range and or DCE's 100% Carbon Free product total bill premium range approved by the City of Palm Springs shall supersede the DESERT Saver and Carbon Free discount and premium ranges in C.2 above effective on the date the City of Palm Springs approves such changes.

4. Any given ICA may result in an upward or downward impact on DCE electric rates given the particular impacts of any one or combination of CPUC / SCE actions resulting in a new ICA calculation.

5. ICA calculations and implementation will be undertaken with the intent to provided the largest reasonable Desert Saver discount and the smallest reasonable 100% Carbon Free premium percentages within ranges as currently authorized by the Board, as such ranges may be revised by the Board from time to time.

6. ICA rate adjustments may occur multiple times annually following, as soon as practicable, SCE and or CPUC related actions that materially affect DCE versus SCE rate discount and premium comparisons. To facilitate implementation the ICA may be applied by way of combining with DCE's average generation rate or other applicable charges. Any given ICA calculation(s) which results in an adjustment too small to warrant implementation (generally less than +/- 1.0%) may, at staff's discretion, be cumulated with a subsequent ICA.

Attachment 2, Sample Energy Cost Adjustment Calculation

2. The ECAF shall be calculated four times each year and shall take effect January 1, April 1, July 1, and October 1, or as soon thereafter as reasonably practicable. Any given ECAF calculation(s) which results in an adjustment too small to warrant implementation may, at staff's discretion, be cumulated with a subsequent quarterly ECAF.

The ECAF formula, expressed to the nearest $0.00001 per kilowatt-hour (kWh), is:

$$\text{ECAF} = \frac{(a)+(b)+(c)+(d)}{(e)} - (f)$$

Where:

(a) is forecast purchased power expense for the 12-month period commencing with the effective date of the ECAF. This expense shall include all charges associated with resource adequacy and other capacity requirements, transmission service, CAISO charges and fees, energy purchased by DCE from all sources, contributions to DCE's operating reserves, and any energy purchase prepayment expense for which expenditures have been approved in advance by the DCE Board for inclusion in the purchased power component of the ECA.

(b) is the estimated expense associated with procurement and acquisition of renewable portfolio standard (RPS) resources not otherwise included in component (a) above, for the 12-month period commencing with the effective date of the ECAF. This expense includes charges associated with renewable resource energy, capacity, RPS related prepayment expense, operation and maintenance, depreciation, and interest expenses for generation and transmission as and which have been approved in advance by the DCE Board for inclusion in the RPS component of the ECA.

(c) is the estimated Demand-Side Management (DSM) cost, reduced by funding received from other sources, for qualified DSM projects not otherwise included in component (a) above, for the 12 month period commencing with the effective date of the ECAF. DSM costs include charges incurred for the acquisition and installation of devices and systems, including incentive payments, audit costs related to DSM, and administrative costs, which are part of those programs or projects designed to lower and control power system demand or consumption, and for which expenditures have been approved in advance by the DCE Board for inclusion in the Demand-Side Management component of the ECA.

(d) any balance in the ECA Account, as described in Section 3 below.

(e) estimated total retail energy sales for the 12 months commencing with the effective date of the ECAF.

(f) initial energy cost factor:

Effective upon enactment: $0.06786 / KWh (Est. from Nov. 2020 TEA FiMo run for December 1, 2020 through November 30, 2021)

(this value represents the most recent TEA FiMo estimate for the twelve months commencing December 1, 2020, and may be updated based upon actual SCE rate, balancing account and PCIA changes)

For calculation purposes, cost categories (a), (b) and (c) may be aggregated within category (a), in which case categories (b) and (c) shall be set to zero.

Input Assumptions for Proxy October 1, 2020 Sample Adjustment:

(a)	Forecast Wholesale Cost (10/1/2020 - 9/30/2021):	$	35,250,000	
(b)	Forecast RPS Cost (10/1/2020 - 9/30/2021):	$	-	(assumed included in (a))
(c)	Forecast DSM Cost (10/1/2020 - 9/30/2021):	$	-	(assumed included in (a))
(d)	ECA Account Balance	$	(650,000)	(assumed unbudgeted revenue from wholesale sales)
(e)	Forecast Retail Sales (10/1/2020 - 9/30/2021):		510,553,051	kWh
(f)	Initial energy cost factor:	$	0.06786	/ kWh (initial average wholesale supply cost)

Note: Amounts for items (a), (b) and (c) may be aggregated into item (a) for calculation expedience.

ECAF Calculation for October 1, 2020

1	(a) + (b) + (c)+ (d) =	$	34,600,000	
2	(e) =		510,553,051	kWh
3	(f) =	$	0.06786	/ kWh

ECAF = (1 / 2) - 3 = (0.00009) / kWh *

Thus, from October 1 thru Dec 31, 2020 customers would receive a $0.00009 / kWh energy credit.

* To facilitate implementation the ECAF may be applied by way of combining with DCE's average generation rate or other applicable charge.

Attachment 3, Notional Sample Electric Subsidy Adjustment Calculation

2. The ESAF shall be determined by the following relationship and expressed to nearest $0.00001 per kilowatt-hour.

$$ESAF = \frac{(a) + (b)}{(c)}$$

Where:

(a) = the total annual estimated subsidy cost associated with CARE / FERA / lifeline / low-income, and other qualified and applicable accounts, including applicable administrative costs allocated to the residential classes in proportion to corresponding annual forecast energy use.

(b) = the residual allocation of the balance in the ESA account as described in 3 below.

(c) = the forecast annual total DCE retail energy sales, excluding CARE / FERA / lifeline / low-income, and other qualified and applicable accounts' forecast sales for the 12 month effective period starting January 1.

DCE's initial ESAF adjustment of approximately $0.00166 / kWh was from Item 6B, February 2020 DCE Board Meeting.

Input Assumptions for CY2020:

1	Number of CARE/FERA Accounts:		6200	
2	Average Monthly Usage per Account		662	kWh
3	Per kWh credit	$	0.01998	/ kWh
4	Total Months to Apply10/13/2020		9	(Apr - Dec 2020)
5	Total CY2020 Collected Subsidy	$	738,053	(1 x 2 x 3 x 4)
6	Notional Actual 2020 Subsidy:	$	675,000	(Used for example purposes)
7	CY2020 (over) / under collection	$	(63,053)	(6 - 5)

Input Assumptions for CY2021:

8	Number of CARE/FERA Accounts:		6300	
9	Average Monthly Usage per Account		675	kWh
10	Per kWh credit	$	0.01800	/ kWh
11	Total Months to Apply 10/13/2020		12	(full year)
12	Total CY2021 Estimated Subsidy	$	918,540	(8 x 9 x 10 x 11)
13	Total DCE Retail Load		510,000	MWh
14	Applicable CARE/FERA Load		51,030	MWh, (8 x 9 x 11) / 1000
15	Load to Apply Surcharge		458,970	MWh, (13 - 14)

ESAF Calculation CY2021:

a =	CY2021 Total Subsidy	$	918,540	Line 12
b=	CY2020 (over) / under collection:	$	(63,053)	Line 7
c=	CY2021 Retail Sales w/o CARE/FERA		458,970,000	kWh, Line 15 x 1000

ESAF = (a + b) / c = 0.00186 / kWh *

* To facilitate implementation the ESAF may be applied by way of combining with DCE's average generation rate or other applicable charge.

Item 6C

Desert Community Energy Board
November 16, 2020

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Residential Time-Of-Use Transition Bill Protection**

Contact: Valdemar Galeana, Accounting Manager, vgaleana@cvag.org

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Recommendation: **Adopt Resolution No. 2020-08 to adopt a 12-month bill protection for DCE residential customers when they are automatically transitioned by Southern California Edison to Time-of-Use Rates**

Background: In 2013, Assembly Bill (AB) 327 was enacted into California law to reform residential electric rates. It set forth the regulatory pathway to realign rates to reflect the following guiding principles:

- Low-income and medical baseline customers should have access to enough electricity to ensure basic needs (such as health and comfort) are met at an affordable cost.
- Rates should be based on marginal cost.
- Rates should be based on cost-causation principles.
- Rates should encourage conservation and energy efficiency.
- Rates should encourage reduction of both coincident and non-coincident peak demand.
- Rates should be stable and understandable and provide choices for customers.
- Rates should generally avoid cross-subsidies, unless the cross-subsidies appropriately support explicit State policy goals.
- Incentives should be explicit and transparent.
- Rates should encourage economically efficient decision making.
- Transitions to new rate structures should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates as well as minimizes and appropriately considers the bill impacts associated with such transitions.

Since the passage of AB 327, the California Public Utilities Commission set forth a number of guiding decisions that direct electric utilities to create a pathway to migrate residential customers from the tiered electric rates to a default time-of-use (TOU) rate. TOU is a rate plan in which the cost of electricity varies according to the time of day, season, and day type (weekday, weekend, or holiday). Higher rates are charged during the peak demand hours and lower rates during off-peak demand hours.

Southern California Edison (SCE) began transitioning its approximately 2.6 million eligible residential customers to default TOU rates in October 2020. This will be done in phases, and SCE is currently planning on transitioning DCE residential customers to TOU in the fourth quarter of 2021. The transition is estimated to conclude by March 2022.

In July 2020, SCE and DCE met to discuss the impacts of the TOU transition on DCE's residential customers. The TOU transition will not impact customers on medical baseline plan; customers that require third-party notification or an in-person visit before disconnecting service; and low-income customers in hot climate zones in SCE's territory. DCE's service area falls within one of these hot climate zones. As such, customers in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs will not be automatically transitioned, but instead will have the option to voluntarily choose a TOU rate if they so desire. Additionally, customers that are already on TOU rates will not be affected by this transition. A total of 8,863 DCE customers will be impacted by the automatic transition.

Customers will receive direct mail and electronic mail notifications prior to their rate changes. Rate analysis will be performed to educate customer about how this change will impact their bill. To mitigate customer confusion and to keep the bill and rates consistent, DCE TOU generation rates will remain consistent with SCE's TOU delivery rates.

SCE will be providing bill protections to customers as it relates to SCE delivery charges. If a customer pays more on a TOU rate plan than they would have paid on the previous tiered rate plan, they will receive bill protection in the form of a one-time credit for the difference after the first 12-months. Monthly bill protection tracking will be provided on the customer's bill. Currently, this bill protection is offered by SCE for the delivery portion of the bill.

Staff is recommending the Board adopt the attached resolution to provide a similar bill protection for the DCE generation charges.

To ensure all billing scenarios related to this TOU transition and applicable bill protections are tested in a timely manner, SCE requests DCE's decision on providing a bill protection for DCE generation charges before December 2020.

Fiscal Analysis: If DCE extends the bill protection to the generation charges for the first 12-month period, the estimated cost would be approximately $90,000. Residential customers would receive a credit after the first 12 months, following their transition to TOU rates.

This financial impact is an estimate based upon current eligible customer lists and existing customer electricity usage, and is subject to change from now until the transition actually occurs in the fourth quarter 2021, based on new customer move-ins and the continued enrollment of new customers into CARE or FERA Programs due to COVID-19 impacts. The fiscal impact of the bill protections will be part of the Fiscal Year 2021/2022 budget cycle.

RESOLUTION NO. 2020-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY ADOPTING A 12-MONTH BILL PROTECTION TO RESIDENTIAL CUSTOMERS AT TIME OF AUTOMATIC TRANSITION TO TIME-OF-USE RATES

WHEREAS in 2013, Assembly Bill (AB) 327 was enacted into law to reform residential electric rates and set forth a regulatory pathway to realign rates; and

WHEREAS subsequent to the passage of AB 327, the California Public Utilities Commission set forth a number of guiding decisions that direct electric utilities to create a pathway to migrate residential customers from the tiered electric rates to a default time-of-use (TOU) rate; and

WHEREAS TOU is a rate plan in which the cost of rates vary according to the time of day, season, and day type, with higher rates charged during peak demand hours and lower rates charged during off-peak demand hours; and

WHEREAS Southern California Edison (SCE) will begin transitioning its approximately 2.6 million eligible residential customers to default TOU rates October 2020, including plans to transition DCE customers to TOU rates in the fourth quarter of 2021; and

WHEREAS SCE's TOU transition will impact all DCE residential customers except those on a Medical Baseline plan, customers that require third party notification or an in-person visit before disconnect, and low-income customers in hot climate zones in SCE's territory; and

WHEREAS DCE's service area falls within a hot climate zone, so CARE and FERA customers will not be automatically transitioned but instead have the option to voluntarily choose a TOU rate; and

WHEREAS DCE customers will be provided with direct mail and email notifications prior to rate changes, and a rate analysis will be performed to educate customers how this change will impact their bill; and

WHEREAS SCE will provide bill protections to DCE customers as it relates to SCE delivery charges; and

WHEREAS DCE will provide bill protection for DCE generation charges if a customer pays more on a TOU rate plan than they would have paid on the previous tiered rate plan; and

WHEREAS DCE will provide bill protection in the form of a one-time credit for the difference between an existing plan and a new TOU plan after the first 12-months, with monthly bill protection tracking provided on the customer's bill.

NOW, THEREFORE, THE DESERT COMMUNITY ENERGY BOARD OF DIRECTORS DOES HEREBY RESOLVE:

That the Board of Directors adopts a 12-month bill protection for eligible DCE residential customers at the time of automatic transition to TOU rates.

ADOPTED AND APPROVED by the Board of Directors of Desert Community Energy on this 16th day of November 2020.

AYES:
NOES:
ABSTAIN:
ABSENT:

Geoff Kors
Chair, Desert Community Energy

Attest:

Tom Kirk
Secretary, Desert Community Energy

Item 6D

Desert Community Energy Board
November 16, 2020

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Update on DCE Activities**

Contact: Katie Barrows, Director of Energy/Environmental Resources (kbarrows@cvag.org)

Recommendation: Information

Background: DCE staff regularly provides updates on the activities underway with Desert Community Energy, particularly as it pertains to the launch in the City of Palm Springs. This is a recap of the efforts since the last Board meeting in October.

***Renewable Energy Procurement Update*:** The DCE Board approved a short list of renewable energy developers for potential long-term contracts at the July 20, 2020 meeting. Since then, negotiations have continued with two firms: Terra-Gen, which has local wind energy projects in the City of Palm Springs (23.2 MW), and Lendlease, which has for a solar + storage project of 50 MW. The negotiations for power purchase agreements involve The Energy Authority team, DCE staff and legal counsel. Staff is expecting to bring final contracts to the DCE Board for approval at the December 2020 meeting.

As described in past staff reports, this renewable procurement program is an exciting opportunity for DCE. The renewable contracts, if successful, will help meet DCE goals to:

- ✓ Lock-in significant portion of energy costs for increased rate certainty;
- ✓ Provide an estimated $60 million to $80 million in cost-savings compared to equivalent purchases over lifetime of contracts (power purchase agreements);
- ✓ Partner with local developers;
- ✓ Help build new incremental renewables in California;
- ✓ Give DCE the choice of most suitable renewable energy technologies for the program goals.

The Terra Gen project will also provide both permanent and temporary jobs in the Coachella Valley. The project is expected to result in six permanent jobs and 140-180 temporary jobs for local workers. DCE would coordinate any outreach to local media once contracts are approved and signed.

***Community Outreach & Post-Launch Activities*:** Community engagement continues to focus on responding to customers inquires, resolving issues where they occur, and providing clear messages about DCE on social media and the website. The latest opt-out/opt-down statistics are presented below. Nearly 90 percent of all Palm Springs residents and businesses are enrolled in DCE, and approximately 83 percent are enrolled in Carbon Free, which is the default product choice.

The customer service team continues to respond to customers directly and address any questions, including bill-specific questions. The volume of calls to the DCE customer service line has decreased from the busiest month in June, when DCE received 1,929 calls to 1,120 calls in September and 793 calls in October. Call volume is likely to continue tapering off now that cooler temperatures have arrived.

The outreach team is evaluating ways to keep encouraging customers to stay with DCE, or to consider returning if they previously chose to stay with Edison. A review of large and key customers is in progress to identify potential customers who may consider returning to DCE.

DCE website updates are made on an ongoing basis. Updates highlight program benefits, encourage energy conservation, and showcase the positive environmental impact of DCE's carbon free plan. In October, the DCE Board approved the creation of an online bill comparison tool. The tool is in development and is expected to be available on the DCE website by the end of the year. This tool will allow customers to compare their options with DCE to the default SCE base rate.

The DCE website also serves as a resource for information for customers to understand their bill, and other information about DCE, including:

- "Understanding Your Bill" page provides a sample typical customer bill and a Net Energy Metering (NEM) bill for solar customers. These sample bills can be found at: https://desertcommunityenergy.org/understanding-your-bill/.
- All customer notices mailed to-date are available on the DCE website at: https://desertcommunityenergy.org/about/notices/. The Spanish version of all notices are also posted on the website.

Community Advisory Committee (CAC): As mentioned at the October DCE Board meeting, the full Community Advisory Committee (CAC) met on October 15, 2020 via Zoom. The CAC discussed opportunities for local programs that DCE could offer in the future. The CAC reviewed the comprehensive summary of the programs offered by CCAs statewide, which is recapped on CalCCA's website. CAC members are currently evaluating potential programs and will return at a future CAC meeting with some summaries and recommendations. A focus will be on no-cost to low-cost programs, as well as other opportunities including electric vehicle incentives for vehicle purchase and charging stations, energy efficiency programs, solar rebates and ways to promote battery storage.

The CAC also discussed climate and energy resilience with respect to planning and actions that could be encouraged in our communities. DCE staff continues to explore potential funding sources and grants that could support such programs.

Grid Alternatives Update: In July 2020, GRID Alternatives provided an update to the DCE Board about some of their programs, and their efforts to sign up income-eligible customers for rooftop solar. Staff has been working with GRID to identify ways that DCE could assist these efforts and bring some of the funding available for rooftop solar to our region. A review has been completed to identify residents who have a deed-restriction that makes them eligible for the Single-family Affordable Solar Homes (SASH) Program, which provides up-front rebates to defray the costs of installing rooftop solar for lower income households. The CAC has been engaged to identify outreach opportunities. A goal has been set to enroll 10% of the estimated 1,100 eligible deed-restricted customers, or until funding runs out. This effort would be initiated in early 2021. DCE Management Analyst Benjamin Druyon will also make a presentation to the GRID team about Property Assessed Clean Energy (PACE) programs as GRID wants to cross-promote PACE funding in their outreach.

Opt-down and Opt-out Status: As of October 2020, there have been a total of 4,746 opt-outs, or 11.22% of the 42,299 total eligible customers in Palm Springs. In addition, 2,907 customers, or 6.87%, chose to opt down to the Desert Saver product. Nine customers have chosen to opt-up from Desert Saver to 100% Carbon Free since DCE launched in April.

The pattern of opt outs and opt downs is consistent with what has been seen for other CCAs in California. The number of DCE opt outs continues to trend downward, with the number of opt outs decreasing 82% from June (785) to October (141) 2020.

Desert Community Energy Monthly Contact Center and Opt-Action Statistics Summary October 2020

Summary										
Stats by Month	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020	Total
Total Calls	283	980	1706	1698	1929	1085	1384	1120	793	**10,978**
Total Calls Connected to Agents	115	450	787	824	1098	634	655	498	291	**5,352**
Average Seconds to Answer	0:00:15	0:00:18	0:00:18	0:00:23	0:00:37	0:00:25	0:00:46	0:00:26	0:00:26	
Average Call Duration	0:08:11	0:08:04	0:07:11	0:08:48	0:09:15	0:09:10	0:09:31	0:08:53	0:08:53	
Total Eligible Customers	40,618	40,618	42,136	42,167	42,207	42,234	42,250	42,270	42,299	**42,299**
Monthly Opt-Outs	193	812	1058	833	785	356	356	212	141	**4,746**
Opt-Out Percentage	0.48%	2.00%	2.51%	1.98%	1.86%	0.84%	0.84%	0.50%	0.33%	**11.22%**
Total Opt-Down	54	234	858	525	463	282	243	133	115	**2,907**
Opt-Down Percentage	0.13%	0.58%	2.04%	1.25%	1.10%	0.67%	0.58%	0.31%	0.27%	**6.87%**
Total Opt-Up (from Desert Saver)	0	1	1	0	4	2	0	1	0	**9**
Opt-Up Percentage	0.000%	0.002%	0.002%	0.000%	0.009%	0.005%	0.000%	0.002%	0.000%	**0.021%**

Desert Community Energy Opt-Action Statistics by Rate Category October 2020

		Opt-Out	% Opt-Out	Opt-Down	% Opt-Down
Total Eligible Customers	**42,299**	**4,746**	**11.22%**	**2,907**	**6.87%**
Residential		3,271	7.73%	2,192	5.18%
Small Commercial		531	1.26%	281	0.66%
Medium Commercial		59	0.14%	36	0.09%
Large Commercial		7	0.02%	1	0.00%
Street Lights		2	0.00%	4	0.01%
Agriculture & Pumping		35	0.08%	1	0.00%
Solar/Net Energy Metering (NEM)		841	1.99%	392	0.93%

This total includes 712 (11%) CARE/FERA/Medical Baseline customers who opted out and 212 (3.28%) of these customers who opted down. For all customers, the reasons given for opting out include a dislike for being automatically enrolled, rate or cost concerns. Many customers did not provide a reason for their decision to opt out.

Outreach continues to remind customers that if they stay with DCE and opt down to Desert Saver, they will save money over what they currently pay SCE.

ITEM 7A

DESERT COMMUNITY ENERGY BOARD
FY2020-2021 ATTENDANCE RECORD

Voting Members	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE
City of Cathedral City	✓	✓	✓	✓								
City of Palm Desert	✓	✓	✓	✓								
City of Palm Springs	✓	✓	✓	✓								

Ex Officio / Absent
No Meeting *

DESERT COMMUNITY ENERGY
UNAUDITED BALANCE SHEET
FROM JULY 1, 2020 TO OCTOBER 31, 2020

	GENERAL		PALM SPRINGS		TOTAL	
ASSETS						
River City Bank						
- Operating Account			21,089.04		21,089.04	
- Money Market Account	1,534,595.62		1,366,000.00		2,900,595.62	
- ICS Account	1,314,588.79				1,314,588.79	
- Lockbox Account	1,633,332.35		172,203.64		1,805,535.99	
Total Cash		4,482,516.76		1,559,292.68		6,041,809.44
Accounts Receivable						
- Southern California Edison			3,724,446.29		3,724,446.29	
- Bad Debt			(61,895.00)		(61,895.00)	
Total Accounts Receivable				3,662,551.29		3,662,551.29
Accrued Revenue				2,082,158.34		2,082,158.34
Deposits/Bonds						
- CPUC	100,000.00				100,000.00	
Total Deposits/Bonds		100,000.00				100,000.00
TOTAL ASSETS		4,582,516.76		7,304,002.31		11,886,519.07
LIABILITIES						
Accounts Payable						
- Ace Printing	341.82		341.82		683.64	
- Calpine	0.00		47,833.45		47,833.45	
- Donald D. Dame	1,166.37		3,499.13		4,665.50	
- Southern California Edison	0.00		6,303.98		6,303.98	
- The Energy Authority	0.00		1,790,662.29		1,790,662.29	
- White Rabbit Group	100.00		100.00		200.00	
- CA Community Choice Association	5,433.50		16,300.50		21,734.00	
Total Accounts Payable		7,041.69		1,865,041.17		1,872,082.86
Due to Other Governments						
Utility Users Tax- Palm Springs			274,637.41		274,637.41	
Electric Energy Surcharge (CDTFA)			21,913.49		21,913.49	
Total Due to Other Governments				296,550.90		296,550.90
Vendor security deposits						
Terra-Gen			116,000.00		116,000.00	
Total Vendor security deposits				116,000.00		116,000.00
TOTAL LIABILITIES		7,041.69		2,277,592.07		2,284,633.76
FUND BALANCE						
Reserve (Restricted requirement for Credit Solutions TEA)				1,250,000.00		1,250,000.00
Fund Balance		4,575,475.07		3,776,410.24		8,351,885.31
TOTAL FUND BALANCE		4,575,475.07		5,026,410.24		9,601,885.31
TOTAL LIABILITIES AND FUND BALANCE		4,582,516.76		7,304,002.31		11,886,519.07
		-		-		-

DESERT COMMUNITY ENERGY
UNAUDITED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FROM JULY 1, 2020 TO OCTOBER 31, 2020

	GENERAL		PALM SPRINGS		TOTAL	
REVENUES						
Electricity Sales [(1)]		0.00		16,719,719.25		16,719,719.25
Bad Debt		0.00		(45,379.51)		(45,379.51)
Other Revenue		0.00		238,832.44		238,832.44
Investment Income		7,359.17		0.00		7,359.17
TOTAL REVENUES		7,359.17		16,913,172.18		16,920,531.35
EXPENDITURES						
Cost of Electricity						
Electricity Purchase	0.00		8,568,681.60		8,568,681.60	
Low Carbon Settlement	0.00		516,712.50		516,712.50	
Renewable Energy Credit Settlement	0.00		0.00		0.00	
Market Charges	0.00		4,609,628.65		4,609,628.65	
Total Cost of Electricity		0.00		13,695,022.75		13,695,022.75
Accounting / Bank Services		209.95		209.95		419.90
Professional Services						
- Arthur J Gallaguer Insurance & co	233.13		233.13		466.25	
- LSL, CPAs	0.00		0.00		0.00	
- Lift to Rise	0.00		0.00		0.00	
- Southern California Edison	0.00		19,905.35		19,905.35	
Total Professional Services		233.13		20,138.48		20,371.60
Insurance						
- Directors & Officers	3,000.00		3,000.00		6,000.00	
- General Liability	250.00		250.00		500.00	
Total Insurance		3,250.00		3,250.00		6,500.00
Consultants						
- Donald D. Dame	1,957.38		5,872.13		7,829.50	
- Calpine Energy Solutions	0.00		191,306.30		191,306.30	
- CVAG	0.00		0.00		0.00	
- The Energy Authority	0.00		420,815.53		420,815.53	
- White Rabbit Group	800.00		800.00		1,600.00	
Total Consultants		2,757.38		618,793.96		621,551.33
Outreach						
- Burke Rix Communications	0.00		10,483.02		10,483.02	
Total Outreach		0.00		10,483.02		10,483.02
Postage						
- Ace Printing	1,171.19		1,171.19		2,342.37	
Total Printing		1,171.19		1,171.19		2,342.37
Printing						
- Ace Printing	1,738.61		1,738.61		3,477.21	
Total Printing		1,738.61		1,738.61		3,477.21
Registrations/Memberships						
- CA Community Choice Association	10,898.25		32,694.75		43,593.00	
Total Registration/Memberships		10,898.25		32,694.75		43,593.00
TOTAL EXPENDITURES		20,258.49		14,383,502.69		14,403,761.18
Excess of Revenues over Expenditures		(12,899.32)		2,529,669.49		2,516,770.17
Fund Balance - Beginning of the Year		4,588,374.39		2,496,740.75		7,085,115.14
Fund Balance - End of the Year		4,575,475.07		5,026,410.24		9,601,885.31

(1) Electricity sales revenue includes revenues actually billed to customers as well as estimated customer usage during the reporting period that is not yet billed

DESERT COMMUNITY ENERGY

UNAUDITED FINANCIAL STATEMENTS

FROM JULY 1, 2020 TO OCTOBER 31, 2020

ASSETS		
River City Bank		
- Operating Account	21,089.04	
- Money Market Account	2,900,595.62	
- ICS Account	1,314,588.79	
- Lockbox Account	1,805,535.99	
Total Cash		6,041,809.44
Accounts Receivable		
- Southern California Edison	3,724,446.29	
- Bad Debt	(61,895.00)	
Total Accounts Receivable		3,662,551.29
Accrued Revenue		2,082,158.34
Deposits/Bonds		100,000.00
TOTAL ASSETS		11,886,519.07
LIABILITIES		
Accounts Payable		
- Ace Printing	683.64	
- Calpine	47,833.45	
- Donald D. Dame	4,665.50	
- Southern California Edison	6,303.98	
- The Energy Authority	1,790,662.29	
- White Rabbit Group	200.00	
- CA Community Choice Association	21,734.00	
Total Accounts Payable		1,872,082.86
Due to Other Governments		
Coachella Valley Association of Governments	0.00	
Utility Users Tax- Palm Springs	274,637.41	
Electric Energy Surcharge (CDTFA)	21,913.49	
Total Due to Other Governments		296,550.90
Vendor security deposits		
Terra-Gen	116,000.00	
Total Vendor security deposits		116,000.00
TOTAL LIABILITIES		2,284,633.76
FUND BALANCE		
Reserve (Restricted requirement for Credit Solutions TEA)		1,250,000.00
Fund Balance		8,351,885.31
TOTAL FUND BALANCE		9,601,885.31
TOTAL LIABILITIES AND FUND BALANCE		11,886,519.07

REVENUES		
Electricity Sales (1)		16,674,339.74
Carbon Free	14,715,579.19	
Carbon Free- CARE/FERA	2,243,462.70	
Desert Saver	1,574,635.94	
NEM- Carbon Free	(1,813,958.58)	
Bad Debt	(45,379.51)	
Other revenue		238,832.44
Investment Income		7,359.17
TOTAL REVENUES		16,920,531.35
EXPENDITURES		
Cost of Electricity		
Electricity Purchase	8,568,681.60	
Low Carbon Settlement	516,712.50	
Market Charges	4,609,628.65	
Total Cost of Electricity		13,695,022.75
Accounting / Bank Services		419.90
Professional Services		20,371.60
Insurance		6,500.00
Consultants		621,551.33
Outreach		10,483.02
Postage		2,342.37
Printing		3,477.21
Registrations/Memberships		43,593.00
TOTAL EXPENDITURES		14,403,761.18
Excess of Revenues over Expenditures		2,516,770.17
Fund Balance - Beginning of the Year		7,085,115.14
Fund Balance - End of the Year		9,601,885.31

(1) Electricity sales revenue includes revenues actually billed to customers as well as estimated customer usage during the reporting period that is not yet billed