

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



DESERT COMMUNITY ENERGY BOARD MEETING AGENDA

**Monday, March 15, 2021
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/82701094850?pwd=OTN0RVVMS29DbIhZUUIVZzF1bWVDQT09>

Passcode: 339040

One tap mobile:

US: +16699009128,,82701094850#

By Phone:

Dial In #: +1 669 900 9128

Webinar ID: 827 0109 4850

Passcode: 339040

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 February 23, 2021

[P5](#)

B. Approve DCE Policy 2021-01 outlining the Net Energy Metering program for DCE customers with onsite solar or other renewable generation systems

[P9](#)

6. DISCUSSION / ACTION

A. Presentation of DCE’s Quarterly Financial Report – Jaclyn Harr, The Energy Authority

B. Credit Agreement with River City Bank – Valdemar Galeana

[P14](#)

Recommendation: Adopt Resolution 2021-02, granting the Executive Director authority, in consultation with Legal Counsel, to negotiate and execute a credit agreement with River City Bank for a \$2 million line of credit to address short-term working capital requirements

C. Revisions to Existing Agreements Regarding DCE’s Credit and Banking – Katie Barrows

[P18](#)

Recommendation: Authorize the Chair to execute amendments to the Resource Management Agreement, Task Order 2 with The Energy Authority (TEA), and to the Deposit Account Control Agreement between TEA and River City Bank

D. March 2021 Rate Adjustment Summary – Don Dame, DCE Energy Consultant

[P27](#)

Recommendation: Information

E. Carbon Free Subsidy for Low-Income Customers – Katie Barrows [P30](#)

Recommendation: Consider options for the existing subsidy providing DCE’s Carbon Free energy to customers in low-income assistance programs

F. Bill Assistance Program for DCE Customers Impacted by COVID-19 – Katie Barrows [P32](#)

Recommendation: Authorize a bill assistance program for residential and non-residential customers impacted by COVID-19, subject to the specified program criteria; and approve a FY2019-2020 budget reallocation for \$70,000 for the program

7. INFORMATION

A. Attendance Record [P36](#)

B. Unaudited Financial Report for July 1, 2020 to January 31, 2021 [P37](#)

C. Unaudited Financial Report for July 1, 2020 to February 28, 2021 [P40](#)

D. Update on DCE Program Activities [P43](#)

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 April 19, 2021 at 2:30 p.m. via Zoom webinar.

10. ADJOURNMENT

Item 2A

Desert Community Energy Board Member Roster	
Voting Members	Representative
City of Cathedral City	Mayor Raymond Gregory <i>Alternate: Councilmember Rita Lamb</i>
City of Palm Desert	Councilmember Sabby Jonathan, Vice Chair <i>Alternate: Mayor Kathleen Kelly</i>
City of Palm Springs	Councilmember Geoff Kors, Chair <i>Mayor Pro Tem Lisa Middleton</i>
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
February 23, 2021
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 Chair Geoff Kors, City of Palm Springs, at 2:31 p.m. via Zoom videoconferencing, 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

Councilmember Geoff Kors, Chair
Councilmember Rita Lamb
Councilmember Sabby Jonathan, Vice Chair

Agency

City of Palm Springs
City of Cathedral City
City of Palm Desert

DCE Staff & Consultants

Tom Kirk
Katie Barrows
Valdemar Galeana
Erica Felci
Trisha Stull
Joanna Stueckle
Benjamin Druyon
Jaclyn Harr
Jeff Fuller
Don Dame

The Energy Authority
The Energy Authority
DCE Consultant

Others Present

Mark Rostafin
David Freedman
Kim Floyd
Mayor Pro Tem Lisa Middleton
Charlie McClendon
Jennifer Cusack
Ryan Domino
Ryan Baron
Two other individuals

Vesper Energy
Community Advisory Committee
Community Advisory Committee
City of Palm Springs
City of Cathedral City
Southern California Edison
LSL
BB&K

3. PUBLIC COMMENTS ON AGENDA ITEMS

The Chair decided to take public comments on agenda items during each agenda item.

4. BOARD MEMBER / DIRECTOR COMMENTS

Katie Barrows reminded the Board that there was a closed session at the end of the meeting, and said separate Zoom logistics would be sent to Board members.

5. CONSENT CALENDAR

A. Approve Minutes from Board Meeting of December 21, 2021

B. Authorize the updating of the bank signature card to reflect the change in Director of Finance / Administration

IT WAS MOVED BY COUNCILMEMBER JONATHAN AND SECONDED BY COUNCILMEMBER LAMB TO APPROVE THE CONSENT CALENDAR.

THE MOTION CARRIED WITH 3 AYES.

Councilmember Lamb	Aye
Councilmember Jonathan	Aye
Councilmember Kors	Aye

6. DISCUSSION / ACTION

A. DCE Long Term Renewable Energy Procurement: Deer Creek Solar + Storage Project – Jaclyn Harr, The Energy Authority

Jaclyn Harr, of The Energy Authority, presented the staff report. She described the 20-year power purchase agreements negotiated with Deer Creek Solar I, LLC and the logistics of the solar + storage system. Member discussion ensued.

Chair Kors invited public comment. David Freedman, a member of the Community Advisory Committee, said he was part of the PPA review team. He encouraged the Board to approve the PPA with Deer Creek Solar I, LLC.

IT WAS MOVED BY COUNCILMEMBER JONATHAN AND SECONDED BY COUNCILMEMBER KORS TO ADOPT RESOLUTION 2021-01, APPROVING A 20-YEAR POWER PURCHASE AGREEMENT WITH DEER CREEK SOLAR I, LLC, AND AUTHORIZE THE EXECUTIVE DIRECTOR AND/OR LEGAL COUNSEL TO MAKE MINOR MODIFICATIONS BEFORE EXECUTION OF THE AGREEMENTS.

THE MOTION CARRIED WITH 3 AYES.

Councilmember Lamb	Aye
Councilmember Jonathan	Aye
Councilmember Kors	Aye

B. Audited Financial Report, Statement on Auditing Standards (SAS) 114 Letter and Report on Internal Controls for Fiscal Year 2019/20 – Valdemar Galeana

Valdemar Galeana introduced the annual audit and LSL auditor Ryan Domino. Mr. Domino described the audit process and shared that the audit resulted in an unmodified opinion. Member discussion ensued.

THE BOARD AGREED TO RECEIVE AND FILE THE REPORTS FOR FISCAL YEAR 2019/20.

C. Update on DCE Program Activities – Katie Barrows

Katie Barrows updated the Board on DCE's recent and current activities, highlighting the signing ceremony for DCE's wind energy PPAs. Ms. Barrows also shared that the next Community Advisory Committee was scheduled for February 24, 2021. Member discussion ensued.

No action was taken on this informational item.

7. INFORMATION

The following items were put in the agenda packet for members' information :

- A. Attendance Record**
- B. Unaudited Financial Report for July 1 to December 31, 2020**
- C. Update on GRID Alternatives' Single-family Affordable Solar Homes Program**
- D. Regional Energy Network Update**

Chair Kors invited public comment. Mr. Freedman commented on item 7D, and said he was glad to see the REN training program.

Councilmember Jonathan suggested looking into a local banking option for DCE's banking needs.

8. PUBLIC COMMENT ON NON-AGENDA ITEMS

Jennifer Cusack of Southern California Edison said she was submitting a letter from SCE to be entered into the public record.

9. ANNOUNCEMENTS

The next DCE meeting will be held March 15, 2021 at 2:30 p.m. via Zoom webinar.

10. ADJOURN TO CLOSED SESSION

Pursuant to the provisions of Government Code, the DCE Board adjourned to Closed Session at 3:36 p.m. for the following:

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation to the provisions of Government Code Section 54956.9(d)(4) – One (1) potential case

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2) –
One (1) potential case

11. ADJOURNMENT

The closed session ended at 3:58 p.m. Ryan Baron of BB&K announced there was no reportable action taken during the closed session.

The meeting was adjourned at 4:00 p.m.

Respectfully submitted,

Trisha Stull

Item 5B

Desert Community Energy Board
March 15, 2021



STAFF REPORT

Subject: DCE Policy for Net Energy Metering

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

Recommendation: Approve DCE Policy 2021-01, outlining the Net Energy Metering program for DCE customers with onsite solar or other renewable generation systems

Background: DCE launched service in the City of Palm Springs in April 2020 for residential and non-residential customers. By May 2020, DCE expanded its eligible customer base to net energy metering (NEM) customers applying the Net Surplus Compensation Rate (NSCR) adopted since DCE's inception. However, a written policy had not been adopted to inform the public of the detailed mechanics of DCE's NEM Program.

The draft policy has been prepared considering current policies in use by other community choice aggregation programs across Southern California. The policy will formally define the DCE NEM Program and provide clarity to customer and solar installers regarding administrative details. Customers with rooftop solar are a highly engaged customer group, and questions regarding NEM are among the most common type of questions received by DCE's customer service team.

As outlined in the policy, DCE will perform its annual true-up for customers in May 2021 to determine if they are net generators at the end of May of each year, whereas SCE NEM customers are "trued-up" by SCE each year on the customer's NEM anniversary date.

Fiscal Analysis: There is no fiscal impact to adopting the policy.

Attachments: DCE Policy 2021-01 for Net Energy Metering (NEM)



POLICY #2021-01 Net Energy Metering Service

Subject: Net Energy Metering Program (DCE NEM Program) is available to those DCE customers who are eligible under Southern California Edison's (SCE) Net Energy Metering program. These SCE NEM Rate Schedules are available at: <https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates> and may be amended or replaced by SCE from time to time. DCE's NEM Policy may be amended or clarified from time to time.

Net Energy Metering Policy

DCE customers who want to participate in NEM after enrolling with DCE must provide SCE with a completed SCE NEM Application and comply with all other SCE requirements before being eligible for the DCE NEM Program.

Eligible DCE customers who meet the requirements for the SCE NEM Program will be automatically enrolled in the DCE NEM Program either at the time of initially enrolling with DCE or at the time SCE accepts them into SCE's NEM Program.

RATES: All rates for the DCE NEM Program will be in accordance with the customer's applicable DCE rate schedule. Nothing in this policy will supersede any SCE authorized charges.

CHARGES & BILLING: DCE's charges for energy (kWh) will be calculated at the DCE rate schedule and billed on the net metered usage, as described below.

a) For a customer with Non-Time of Use (TOU) Rates:

If the customer is a "Net Consumer," having overall positive usage during a specific monthly billing cycle, the customer will be billed in accordance with the customer's DCE Rate Schedule.

If the customer is a "Net Generator," having overall negative usage during a specific monthly billing cycle, any net energy production shall be valued at the applicable rate as set forth in the customer's DCE Rate Schedule. The calculated value of any net energy production shall be credited to the customer according to the DCE Rate Schedule and applied as described in Sections (c) and (d).

b) For a customer with TOU Rates:

If the customer is a Net Consumer during any discrete TOU period reflected within a specific monthly billing cycle, the net kWh consumed during such TOU period shall be billed in accordance with applicable TOU period-specific rates or charges as specified in the customer's rate schedule.

If the customer is a Net Generator during any discrete TOU period reflected within a specific monthly billing cycle, any net energy production shall be valued at the applicable TOU period specific rates or charges as specified in the customer's DCE Rate Schedule. The calculated value of such net energy production shall be credited to the customer according to the DCE rate schedule and applied as described in Sections (c) and (d).

c) Monthly Settlement of DCE Charges/Credits:

Each customer will receive a statement as part of its monthly SCE bill indicating any accrued charges for electric energy usage during the current monthly billing cycle. When a customer's net energy production results in an accrued credit balance in excess of currently applicable charges, the value of any net energy production during the monthly billing cycle (in excess of currently applicable charges) shall be valued at the DCE Rate Schedule and noted on the customer's bill, including the quantity of any surplus NEM production (measured in kWh), and carried over as a bill credit for use in a subsequent billing cycle(s).

A customer who has accrued credits during previous billing cycles will see such credits applied against currently applicable charges, reducing otherwise applicable charges by an equivalent amount to such credits. Any remaining credits reflected on the customer's billing statement shall be carried forward to subsequent billing cycle(s) until either the excess the credit is used to satisfy current charges, the customer no longer receives service from DCE or an annual account true-up is performed.

d) DCE Annual True-Up & Cash-Out Processes:

i. **DCE Annual True-Up**

- a. *NEM Generation Credit Refund:* During the monthly billing cycle in May of each year, DCE will perform a true-up of the most recent twelve (12) month billing cycle, or the period from the customer's commencement of participation in the DCE NEM Program up to the following May (the "Relevant Period"). At the time of the Annual True-Up, if the customer has accumulated any NEM generation credits in excess of any currently outstanding charges, those NEM generation credits will be refunded to the customer up to the total DCE charges paid by the customer on the same NEM account during the Relevant Period, consistent with DCE's Annual Cash-Out practice in (ii).

DCE will perform the first Annual True-Up in May 2021. Commencing in May 2021, DCE will perform the Annual True Up for the 12-month period between May to April for all current NEM customers.

- b. *Net Surplus Compensation:* Net Surplus Energy is defined as any generation that exceeds total customer energy usage during the Relevant Period, as measured in kWh. DCE will also determine whether each customer has produced Net Surplus Energy over the course of the Relevant Period. If a customer has produced Net Surplus Energy, then DCE shall credit such customer an amount not to exceed \$10,000 that is equal to the current Net Surplus Compensation rate per kWh, as defined in DCE Net Surplus Compensation Rate Schedule, multiplied by the quantity of Net Surplus Energy produced by the customer during the Relevant Period, consistent with DCE's Annual Cash-Out practice in (ii)

below. The amount of excess generation kWh will be paid out at DCE's Net Surplus Compensation aligned with the current SCE rate.

ii. DCE Annual Cash-Out

During the monthly billing cycle in May of each year, any current customer who has a combined NEM generation credit and Net Surplus Compensation value of \$100 or more, as determined during the Annual True-Up process, that exceeds any outstanding charges, will be sent a payment by check via U.S. Mail to the customer's mailing address on file at the time of mailing for the credit balance on their account, as determined through DCE's Annual True-Up process (i). Customers receiving direct payment will have an equivalent amount removed from their NEM account balance at the time of check issuance. In the event that customers do not have a combined NEM generation credit and Net Surplus Compensation value exceeding \$100, such credit balance will be carried forward to offset future DCE charges. All NEM accounts will be reset to zero kilowatt hours annually as of the customer's May monthly billing cycle and the only NEM credits that will be carried forward on the customer's account will be the combined NEM generation credit and Net Surplus Compensation credit balances less than \$100.

iii. DCE Cash-Out for Terminations

Customers who close their electric account through SCE, opt-out of DCE and return to bundled service, or move outside of the DCE service area prior to the monthly billing cycle in May of each year, shall be trued up according to DCE's Annual True-Up Process. If applicable, the customer shall receive a refund payment by check via U.S. mail to the customer's mailing address on file at the time of mailing for any NEM generation credit on their account that exceeds outstanding charges at the time of true-up, up to the amount paid by the customer during the Relevant Period. If determined to have produced Net Surplus Energy, the customer shall also receive a check via U.S. Mail to the customer's mailing address on file at the time of mailing for Net Surplus Compensation, up to a maximum of \$10,000. Payments will be released 30 days after final billing to allow for any revised usage and/or adjustments from SCE. Checks will expire 90 calendar days after issuance. If checks expire or are returned to DCE, customers may request the reissuance of a check and DCE will make a reasonable effort to reissue the check within 30 days of a customer's request.

e) SCE NEM Program

Customers are subject to applicable terms and conditions and billing procedures of SCE for SCE charges as described in SCE NEM Rate Schedules (except for generation-related charges, which are described in DCE's rate schedules). Customers should be aware that while DCE settles balances for generation monthly, SCE will continue to calculate charges for delivery, transmission and other services annually for those customers with an annual billing option, and DCE NEM credits cannot be applied to any SCE charges.

Customers are encouraged to review SCE NEM Rate Schedules at <https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates>.

f) Return to SCE Bundled Service:

DCE customers participating in the DCE NEM Program may opt out and return to SCE's bundled service, subject to any applicable restrictions imposed by SCE. If a DCE customer opts out more than 60 days after their initial enrollment date, DCE will perform a true-up of their account, as specified in section (d)(iii), at the time of return to SCE bundled service. For details concerning opting out of DCE service, please contact DCE Customer Service

ITEM 6B

Desert Community Energy Board
March 15, 2021



STAFF REPORT

Subject: Credit Agreement with River City Bank

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

Recommendation: Adopt Resolution 2021-02, granting the Executive Director authority, in consultation with Legal Counsel, to negotiate and execute a credit agreement with River City Bank for a \$2 million line of credit to address short-term working capital requirements

Background: At the March 19, 2018 meeting, the DCE Board of Directors authorized the Executive Director to negotiate and execute a Credit and Banking Agreement with a vendor to provide banking services for DCE operations. DCE signed a banking services agreement with River City Bank (RCB) as its depository institution in April 2018.

Among the services provided by RCB were the ability to establish bank accounts with specific conditions, such as the lockbox account. This account is a secured account which receives daily revenue remittances from Southern California Edison to DCE. DCE's accounts also provide for monthly payment to the power suppliers under contract, including The Energy Authority. DCE has also established operating, savings, and investments accounts with RCB. Other services offered by RCB include different credit options, which were not required by DCE at launch date.

It is not uncommon for Community Choice Aggregation (CCA) agencies like DCE to experience fluctuations in cash flow from operations during the year as a result of timing differences between when a CCA collects revenue and must pay for energy, resource adequacy compliance and other operating expenses. These fluctuations are typically managed through the establishment of operating reserves that accumulate over time. Because DCE launched service in April 2020, it has not had sufficient time to accumulate such reserves.

At the same time, the ongoing COVID-19 pandemic has resulted in an increase in delinquency rates, energy market volatility and changes in rate factors that are beyond DCE's control, such as the latest exit fee or Power Charge Indifference Adjustment (PCIA) increase.

DCE now requires additional working capital to manage fluctuations in cash flow requirements until such time as it can accumulate sufficient reserves. RCB has agreed to provide a line of credit of up to \$2 million that DCE can use to address short-term working capital requirements. The line of credit is not intended to provide long-term financing, and it must be repaid each year. The initial term date is December 31, 2021, and it can be renewed for additional periods.

Staff is recommending Resolution 2021-02 to allow the Executive Director to negotiate and execute a credit agreement. The RCB line of credit will be granted subject to customary financial covenants that are under negotiation between RCB, DCE staff, legal counsel and DCE's consultants. The RCB Credit Agreement will also have covenants requiring DCE to maintain all of its deposit accounts with RCB and to not incur any additional indebtedness without the prior consent of RCB.

Fiscal Analysis: A line of credit of up to \$2 million will help DCE address short-term working capital requirements. The line of credit will be secured by a Debt Service Reserve Account equal to 10% of the principal amount and a security interest in DCE's deposit accounts and revenues to the extent not already pledged in the lockbox account that is used to secure payments to DCE's energy providers. The interest on the line of credit will be RCB's bank commercial lending rate + 0.50%, which would result in a rate on advances to DCE of 3.75% as of the date of the proposal.

The fiscal impact for FY 2020-2021 is as follows:

1. Estimated Financial Interest to be paid from April to June 2021: \$18,950 assuming a first disposition of \$2,000,000 at the end of March 2021 and monthly interest payment without any payments to principal.
2. Loan Fee to be paid upon loan closing: \$10,000.
3. Documentation Fee to be paid upon loan closing: \$10,000.

The fiscal impact for FY 2021-2022 is the following:

1. Estimated Financial Interest to be paid from July to December 2021: \$38,125
2. Payment to outstanding principal at the maturity date (December 2021): \$2,000,000

Attachments: Resolution 2021-02

RESOLUTION NUMBER 2021-02

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT COMMUNITY ENERGY
AUTHORIZING EXECUTIVE DIRECTOR TO EXECUTE CREDIT AGREEMENT
WITH RIVER CITY BANK**

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; and

WHEREAS, Desert Community Energy (“DCE”) needs working capital to address short term fluctuations in cash flow and working capital requirements as a result of its operations; and

WHEREAS, DCE has negotiated a term sheet with River City Bank (“RCB”) to provide a Commercial Revolving Line of Credit in the amount of \$2,000,000 (“Credit Facility Term Sheet”); and

WHEREAS, the Credit Facility Term Sheet provides for certain financial covenants and conditions that DCE staff, its legal counsel and its technical consultants consider customary and acceptable for the purposes of the Credit Facility, and

WHEREAS, the Credit Facility Term Sheet provides that the line of credit with RCB will be secured by all deposit accounts and revenues of DCE that are not already pledged as security for the lockbox that secures payments to DCE’s energy providers; and

WHEREAS, the Credit Facility Term Sheet further provides that DCE shall maintain and collect rates and charges for energy sufficient enough to collect revenues to cover all power supplies costs, operating expenses, and debt service each fiscal year; and

WHEREAS, DCE staff and legal counsel intend to negotiate a Credit Agreement and related security agreements that are consistent with the terms of the Credit Facility Term Sheet; and

WHEREAS, it is important from a timing perspective that the line of credit and terms set forth in the Credit Facility Term Sheet be approved by the Board and that authority be given to the Executive Director, with the advice of staff and legal counsel, to enter into the definitive Credit Agreement and other documentation in order for DCE to fulfill its short-term working capital obligations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of DCE as follows:

1. The Board of Directors has reviewed the Credit Facility Term Sheet and the recommendations of DCE staff and legal counsel and has determined that the recitals herein are true and correct.
2. The Board of Directors approves of the security for the line of credit and other covenants of DCE as set forth in the Credit Facility Term Sheet.
3. The Board of Directors hereby authorizes Tom Kirk, the Executive Director, or his designee, with the advice of legal counsel, to negotiate and execute a Credit Agreement in the form of a Revolving Line of Credit to provide short-term working capital needs in accordance with the terms set forth in the Credit Facility Term Sheet.

4. This Resolution shall be effective immediately after its adoption by the Board of Directors.

PASSED AND ADOPTED by the Board of Directors of Desert Community Energy on this 15th day of March 2021.

AYES:
NOES:
ABSTAIN:
ABSENT:

Geoff Kors
Chair, Desert Community Energy

Attest:

Tom Kirk
Secretary, Desert Community Energy

Approved as to form:

Glen Price
DCE Legal Counsel

Desert Community Energy Board
March 15, 2021



STAFF REPORT

Subject: Revisions to Existing Agreements Regarding DCE credit and banking

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

Recommendation: Authorize the Chair to execute amendments to the Resource Management Agreement, Task Order 2 with The Energy Authority (TEA), and to the Deposit Account Control Agreement between TEA and River City Bank

Background: In January 2018, the DCE Board approved a Resources Management Agreement (RMA) and associated task orders with The Energy Authority (TEA), which provides power procurement, scheduling coordination, rate setting and other services to DCE. They also provide their credit and contracts for the shorter-term procurement of power. DCE pays for the power costs with revenue from customers in Palm Springs. Over the course of DCE's relationship with TEA, the Board has amended the RMA and associated task orders as needed.

One of the exhibits to the RMA's Task Order 2 is the Deposit Account Control Agreement. This is a three-way agreement signed between DCE, TEA and River City Bank, which has been DCE's depository institution and banking partner since April 2018. The account control agreement identifies DCE as the deposit customer (debtor), TEA as the secured party, and RCB as the depository institution. This agreement governs DCE's deposit accounts and defines the relationship among the parties. TEA holds a first priority secured interest in DCE accounts under the terms of the existing agreement.

As part of the March 15 DCE meeting, DCE staff is recommending the Board authorize the Executive Director to negotiate and execute a credit agreement with River City Bank for a \$2 million line of credit to address short-term working capital requirements. In order to facilitate DCE's ability to obtain a line of credit, DCE staff is recommending the following amendments to both the account control agreement and to RMA Task Order 2. A summary of the changes is below:

1. *Amendment 1 to Deposit Account Control Agreement between DCE, TEA and River City Bank*
 - Section 3 is amended such that TEA removes the liens, a first priority security interest, on DCE's accounts except the revenue collection (Lock Box) account during the time that the loan from River City Bank is outstanding.
 - This amendment is effective until the earlier of the loan repayment date or December 31, 2021.
 - This is the first amendment to the three-way agreement. The only change is to Section 3 to remove TEA's first priority security interest in all but DCE's Lock Box account.
2. *2021 Amended and Restated Task Order 2 for Phase III Core Services*
 - Task Order 2 addresses the scope of services for DCE program operations focused on power procurement and scheduling coordination. Task Order 2 also addresses the Lock Box Pledge Account and Reserve Account. TEA holds a first priority secured interest in these accounts.

- The changes to this Task Order are to facilitate DCE's ability to obtain a line of credit with River City Bank.
- Suspend DCE's obligation under Section 2.1(2) to maintain a minimum balance in the Lock Box Account
- Suspends TEA's senior lien position, and DCE's obligation to maintain a minimum balance, in the Reserve Account, under Section 2.2 until the earlier of the loan repayment date or December 31, 2021

Staff recommends the DCE Board approve the proposed amendments to the Deposit Account Control Agreement and RMA's Task Order 2. The agreements included in the agenda packet may require minor changes pending final review and consultation with legal counsel and TEA. With this recommended action, staff also requests that the Executive Director be authorized to make changes in consultation with the Chair if necessary.

Fiscal Analysis: There is no financial impact to the amendments outlined for the account control agreement or Task Order 2. The scope of services for TEA is covered under DCE's existing budget.

Attachments:

1. Amendment No. 1 to Deposit Account Control Agreement
2. Amendment No. 1 to the 2019 Amended and Restated Task Order 2 for Phase III Core Services

AMENDMENT NO. 1 TO DEPOSIT ACCOUNT CONTROL AGREEMENT

This Amendment No. 1 (the “Amendment No. 1”) dated the ___ day of March, 2021 (the “Effective Date”) is made to the Deposit Account Control Agreement dated April 19, 2018 (“Deposit Agreement”) among and between **The Energy Authority, Inc.**, a Georgia non-profit corporation (“TEA”), **Desert Community Energy** (“DCE” or “CCA”), a California joint powers authority comprised of the Cities of Palm Springs, Palm Desert, and Cathedral City (the “CCA Members”), and **River City Bank** (“RCB”), a California state chartered bank. TEA, DCE and RCB are sometimes referred to herein individually as a “Party,” or collectively as the “Parties.” Capitalized terms found in this Amendment No. 1, and not defined herein, shall have the meaning assigned to such terms in the Deposit Agreement.

RECITALS

WHEREAS, on April 19, 2018, the Parties entered into that certain Deposit Account Control Agreement (“Deposit Agreement”); and

WHEREAS, the Parties desire to amend the Deposit Agreement as hereinafter provided.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, the Parties enter into this Amendment No. 1 with the following terms.

Section 1. Deposit Account Control Agreement Incorporated.

Except as modified by Section 2 of this Amendment No. 1, all other terms and conditions of the Deposit Agreement shall remain in full force and effect and are incorporated herein by reference as of the Effective Date of this Amendment No. 1.

Section 2. Amendment No. 1 to the Deposit Account Control Agreement.

(A). Pursuant to this Amendment No. 1, *Section 3 – Security Interest*, shall be amended by adding the following words to the end of the Section 3, as follows:

“Notwithstanding the forgoing, from the Effective Date of Amendment No. 1 until the earlier of (i) the expiration of the Revolving Line of Credit for Short-term Working Capital Agreement (“Short-Term WCA”) between DCE and River City Bank (“RCB”), or (ii) December 31, 2021 (the “Amendment Expiration Date”), TEA hereby authorizes Debtor to pledge and assign Debtor’s Collateral in the form of certain existing accounts, specifically to include account No. xxxxxx8099, No. xxxxxx0995, and No. xxxxxx5470 (hereinafter, the “Priority Accounts”) to RCB as security interest for the Short-Term WCA in order to provide security up to the amount of the Short-Term WCA until the Amendment Expiration Date. After the Amendment Expiration Date, the Parties agree that TEA will

regain and thereafter possess all of TEA's first priority security interest and rights to the Collateral and the Priority Accounts with regard to the lien priority of any amounts owed by Debtor to either RCB or TEA.

Furthermore, the Parties expressly agree that TEA is not waiving any first priority security interest or rights to the Collateral or Priority Accounts with regard to any non-party to this Amendment No. 1 or the original Deposit Agreement, except as provided in this Amendment No. 1 as to the RCB Short-Term WCA."

(B). Pursuant to this Amendment No. 1, the second full paragraph in *Section 4 – Control*, shall be amended by adding the following underlined words to the beginning of the first sentence of the second full paragraph, as follows:

"After the earlier of (i) the expiration of the Revolving Line of Credit for Short-term Working Capital Agreement between DCE and River City Bank, or (ii) December 31, 2021 (the "Amendment No. 1 Expiration Date"), and then only [u]pon receipt by Depository Institution of the Shifting Control Notice, Depository Institution shall immediately cut off Debtor's access to the Collateral and cease the payment of all Debtor-authorized transactions for the withdrawal of fund from the Collateral, using whatever means to do so that Depository Institution shall deem necessary and appropriate."

Section 3. Governing Law.

This Amendment No. 1 will be governed by and construed in accordance with the Governing Law as described in the provisions of the Deposit Agreement.

Section 4. Counterparts and Amendment.

This Amendment No. 1 may be executed and delivered in counterparts, all of which taken together shall constitute one and the same instrument. This Amendment No. 1 may only be amended by an instrument in writing signed by each Party's authorized representative.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment No. 1 to be executed by their duly authorized representative, effective as of the date and year first written above.

THE ENERGY AUTHORITY, INC.

DESERT COMMUNITY ENERGY

By: _____

By: _____

Name: Joanie C. Teofilo

Name: Geoff Kors

Title: President and CEO

Title: Board Chair

Date: _____

Date: _____

RIVER CITY BANK

By: _____

Name: _____

Title: _____

Date: _____

**AMENDMENT NO. 1 TO THE 2019 AMENDED AND RESTATED TASK ORDER 2
FOR PHASE III CORE SERVICES BETWEEN
THE ENERGY AUTHORITY, INC. AND DESERT COMMUNITY ENERGY**

This Amendment No. 1 (the “Amendment No. 1”) dated the ___ day of March, 2021 (the “Effective Date”) is made to the 2019 Amended and Restated Task Order 2 for Phase III Core Services dated November 11, 2019 (“Task Order 2”) between **The Energy Authority, Inc.**, a Georgia non-profit corporation (“TEA”) and **Desert Community Energy** (“DCE” or “CCA”), a California joint powers authority comprised of the Cities of Palm Springs, Palm Desert, and Cathedral City (the “CCA Members”). TEA and DCE are sometimes referred to herein individually as a “Party,” or collectively as the “Parties.” Capitalized terms found in this Amendment No. 1, and not defined herein, shall have the meaning assigned to such terms in the RMA.

RECITALS

WHEREAS, on November 11, 2019, the Parties entered into that certain 2019 Amended and Restated Task Order 2 for Phase III Core Services (“2019 Amendment”); and

WHEREAS, the Parties desire to amend the 2019 Amended and Restated Task Order 2 as hereinafter provided.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, the Parties enter into this Amendment No. 4 with the following terms.

Section 1. 2019 Amended and Restated Task Order 2 Incorporated.

Except as modified by Section 2 of this Amendment No. 1, all other terms and conditions of the 2019 Amended and Restated Task Order 2 for Phase III Core Services shall remain in full force and effect and are incorporated herein by reference as of the Effective Date of this Amendment No. 1.

Section 2. Amendment No. 1 to the 2019 Amended and Restated Task Order 2.

(A). Pursuant to this Amendment No. 1, the Parties agree that the obligations of DCE in Section 2.1(2) of Task Order 2 shall be suspended with regard to retaining excess funds, maintaining minimum balances, and funding or maintaining any Operating Funding in the Lock Box Account until the earlier of (i) the expiration of the Revolving Line of Credit for Short-term Working Capital Agreement (“Short-Term WCA”) between DCE and River City Bank (“RCB”), or (ii) December 31, 2021. At all times, DCE shall continue to fund the current month, and any past due, Power Payments from the Lock Box Account and provide TEA with the continuous ability to view the activity and balance of the Lock Box Account.

(B). Pursuant to this Amendment No. 1, the Parties agree that the obligations of DCE in Section 2.2 of Task Order 2 shall be suspended with regard to retaining excess funds, maintaining minimum balances, funding the Reserve Account, and funding or maintaining any Reserve Requirement until the earlier of (i) the expiration of the Short-Term WCA between DCE and RCB, or (ii) December 31, 2021. DCE shall provide TEA with the continuous ability to view the activity and balance for the Reserve Account.

(C) Pursuant to this Amendment No. 1, Section 2.2 shall be amended by adding the following section after Section 2.2(3), as follows:

“Notwithstanding the forgoing Section 2.2(1), Section 2.2(2), and Section 2.2(3), from the Effective Date of Amendment No. 1 until the earlier of (i) the expiration of the Short-Term WCA between DCE and RCB, or (ii) December 31, 2021, TEA hereby authorizes DCE to pledge and assign existing DCE accounts held at RCB (hereinafter, the “Priority Accounts”), other than the Lock Box Account, to RCB as a security interest with lien priority to TEA’s interest for the Short-Term WCA in order to provide security up to the amount of the Short-Term WCA until the Amendment Expiration Date.

After the Amendment Expiration Date, the Parties agree that TEA will regain and thereafter possess all of TEA’s first priority security interest and rights to the Priority Accounts with regard to the lien priority of any amounts owed by Debtor to either RCB or TEA.

Furthermore, the Parties expressly agree that TEA is not waiving any first priority security interest or rights to the Priority Accounts with regard to any non-party to this Amendment No. 1 or the original Deposit Agreement, except as provided in this Amendment No. 1 as to the RCB Short-Term WCA.”

(D). Pursuant to this Amendment No. 1, the Parties agree that the obligations of DCE under Schedule A of Task Order 2 shall be suspended with regard to all obligations to fund or maintain minimum balances in the Reserve Account and Lock Box Account until the earlier of (i) the expiration of the Short-Term WCA between DCE and RCB, or (ii) December 31, 2021 (hereinafter, the “Amendment No. 1 Expiration Date”).

Section 3. Effects of Amendment No. 1 Expiration Date.

Upon the Amendment No. 1 Expiration Date, the Parties agree that original Section 2.1(2) (in its entirety) and original Section 2.2 (in its entirety) as provided in the 2019 Amendment shall be in full force and effect as to the Parties.

Upon the Amendment No. 1 Expiration Date, the Parties agree to revise Schedule “A” to equal the credit exposure as reasonably calculated by TEA with regards to minimum amounts in the DCE operating and reserve accounts necessary to provide TEA with credit support for DCE market transactions. TEA will reassess the credit exposure calculation based on factors, including the relationship of the parties, DCE’s portfolio, and market conditions.

Section 4. Governing Law.

This Amendment No. 1 will be governed by and construed in accordance with the Governing Law as described in the provisions of the RMA.

Section 5. Counterparts and Amendment.

This Amendment No. 1 may be executed and delivered in counterparts, all of which taken together shall constitute one and the same instrument. This Amendment No. 1 may only be amended by an instrument in writing signed by each Party's authorized representative.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment No. 1 to be executed by their duly authorized representative, effective as of the date and year first written above.

THE ENERGY AUTHORITY, INC.

DESERT COMMUNITY ENERGY

By: _____

By: _____

Name: Joanie C. Teofilo

Name: Geoff Kors

Title: President and CEO

Title: Board Chair

Date: _____

Date: _____

Desert Community Energy Board
March 15, 2021



STAFF REPORT

Subject: March 2021 Rate Adjustment Summary

Contact: Don Dame, DCE Energy Consultant

Recommendation: Information

Background: At the November 16, 2020 meeting, the DCE Board adopted a Rate Stabilization Schedule (RSS) that enables DCE to adjust retail rates based on Board-approved financial policies and procedures. Board-approved DCE financial objectives include recovery of all power supply and operating costs, as well as building adequate reserves. The RSS prescribes utilization of a 12-month contiguous average rate comparison period, which may start up to six months prior to the month in which a rate adjustment is implemented to allow for potential recovery of unanticipated costs, such as higher or lower wholesale purchased power costs which may vary under changing weather and market conditions. The RSS also contemplates and authorizes staff to revise DCE retail rates in response to changes in Southern California Edison (SCE) rates and Power Charge Indifference Adjustment (PCIA or exit fee) in order to maintain DCE Board-approved rate policy guidelines.

The RSS became effective on December 1, 2020. The Board's current rate policies include designing Desert Saver rates within a 0-1% average total bill discount versus SCE's comparable bundled base product and designing DCE's 100% Carbon Free rates at a 10% or less average total bill premium versus SCE's comparable bundled base product when averaged across customer classes over the rate comparison period.

Effective February 1, 2021, SCE implemented revised generation, delivery and PCIA rates. These changes prompted a rate adjustment for DCE. Although SCE's rate changes vary by particular customer class and rate schedule, on average, SCE's generation rate was reduced about 1%, delivery charges were increased approximately 14%, and the PCIA was increased about 27%. The overall aggregated average total impact on SCE bundled customers is a 10-11% bill increase. SCE's bundled residential customers will see a total average bill increase close to 15%. The corresponding impact of SCE's rate changes on DCE's rates as compared to SCE, is that -- absent any DCE rate change -- DCE's Desert Saver product became slightly more costly than SCE's base product. DCE will implement a rate adjustment in March 2021 (or as soon thereafter as practicable) to maintain DCE's average total Desert Saver bill discount compared to SCE's bundled base power product of 0.05% - 1.0% as set by the Board in January 2020. This was utilized in DCE's December 2020 rate adjustment as well. Staff is currently working with DCE's data management team to implement DCE's corresponding rate adjustment and timing.

Other CCAs in SCE territory, as well as in other Investor-Owned Utility (IOU) service areas throughout California, are experiencing similar challenges to maintain desired rate levels. The Clean Power Alliance, for example, reported to its board at the February 2021 meeting that the SCE rate changes will result in a 10% to 11% overall bill increases for its customers and could

cause a revenue squeeze. Western Community Energy also reported to its board in February 2021 that the SCE rate change would cause rates to go from a 2% total bill discount to a cost above SCE's basic rate. There is some expectation that the additional rate changes SCE is planning for June 2021 will increase both delivery charges and generation charges, while keeping the PCIA flat. If these changes occur, there may be some mitigation of impacts on DCE (and other CCA) customers.

There are several factors affecting DCE rate dynamics and a quarterly financial report will be presented to the Board at the March 15 meeting to describe some issues facing DCE and other CCAs. Of significant impact is the PCIA, which is a fee charged by SCE (and other investor-owned utilities) to CCA customers to ensure remaining bundled IOU customers do not experience cost increases because of customers migrating to a CCA. The main cause for the PCIA increase in recent years has been the market value decline of utilities' portfolios due to a declining trend in natural gas prices, as well as the fact that newer renewable power supply prices have come down significantly below what IOUs have historically added to their portfolios. When prices for energy products decrease in a given year, the PCIA goes up in the subsequent year. The reverse is also true.

Another factor causing an increase in the PCIA in 2021 is the amortization of amounts above the 2020 PCIA rate cap. In recent years, the amount of PCIA annual increase was capped; any uncollected amounts, however, would flow to subsequent years. Through the efforts of Clean Power Alliance and other CCAs, the amortization of above-cap PCIA amounts are to be spread over three years in 2021 through 2023. This three-year recovery leveling will have the effect of mitigating the otherwise full magnitude of the 2021 PCIA increase.

The RSS requires DCE staff to prepare a summary report describing RSS-related rate adjustments and provide the report at the next scheduled Board meeting after such adjustments are implemented. A summary of the DCE's March 2021 rate adjustments is provided below:

March 2021 Rate Adjustment Details:

- Rate Adjustment Effective Date: March 1, 2021 (or as soon thereafter as practicable)
- 12-Month Rate Comparison Period: June 1, 2020 - May 31, 2021
- Desert Saver average total bill discount compared to SCE's bundled base power product estimated to be at 0.05% - 1.0%
- 100% Carbon Free average total bill premium compared to SCE's bundled base power product remains the same at a 10.0% premium when averaged across customer classes over the defined rate comparison period.
- Calculations and estimates based on actual costs and revenues and forecast costs and revenues throughout the utilized rate comparison period.

Over the next month, staff will continue to monitor DCE costs, budget forecasts and financial projections. This review will include assessing possible cost-saving measures such as changing energy procurement targets, developing options to enhance revenue, and exploring ways to reduce overhead expenditures. Staff will report back to the Board at subsequent meetings with updates on these efforts. Staff also continues to work with the California Community Choice Association (CalCCA) and other California CCAs to collectively address cost, legislative and CPUC actions impacting CCAs.

Fiscal Analysis: DCE's March 2021 rate adjustment for the Desert Saver product will maintain the discount guideline set by the Board of 0.05 to 1% below SCE's base rate. Given that approximately 7% of DCE customers opted down to Desert Saver, the rate adjustment will result in limited annual revenue loss to DCE of about \$25,000. This adjustment will maintain Desert

Saver as the lowest cost electricity choice for customers. Most DCE revenue comes from customers enrolled in the Carbon Free product. Such rate revisions are designed to recover all power supply and operating costs, build financial reserves, and avoid potential negative cash flow circumstances during the 12-month rate comparison period. The implemented rate changes are also designed to fall within DCE's current approved average rate discount and premium parameters throughout the rate comparison period.

Desert Community Energy Board
March 15, 2021



STAFF REPORT

Subject: Carbon Free Subsidy for Low-Income Customers

Contact: Katie Barrows, Director of Environmental Resources (kbarrows@cvag.org),
and Benjamin Druyon, Management Analyst (bdruyon@cvag.org)

Recommendation: Consider options for the existing subsidy providing DCE's Carbon Free energy to customers in low-income assistance programs

Background: Low-income customers participate in rate assistance programs authorized by the California Public Utilities Commission and offered by Southern California Edison (SCE) and SoCalGas. Eligible customers include those who participate in California Alternate Rates for Energy (CARE¹), Family Electric Rate Assistance (FERA), and Medical Baseline assistance programs (CARE/FERA customers). Since DCE's launch in April 2020, CARE/FERA customers in the City of Palm Springs have been enrolled in DCE's Carbon Free product but have been paying the Desert Saver rate. This decision was made by the DCE Board to reduce the potential financial burden on CARE/FERA customers who would otherwise incur the rate premium for Carbon Free energy. The cost of the subsidy for the CARE/FERA customers is currently offset by the revenue generated from ratepayers enrolled in DCE's Carbon Free product.

There are approximately 6,500 CARE/FERA customers currently receiving the Carbon Free product at a discount. At the November 2020 Board meeting, during discussion of DCE's financial projections, Board members asked staff how the financial forecast might change if the CARE/FERA Carbon Free subsidy was removed. The question was raised as the DCE Board considered a number of financial policies to address challenges related to the ongoing COVID-19 pandemic, which has led to a rise in customer delinquency, as well as increased costs.

Working with TEA, staff has started analyzing the impacts of removing the CARE/FERA Carbon Free subsidy. Staff is seeking Board direction on whether to continue to subsidize the 100% Carbon Free energy for low-income program customers, who pay the Desert Saver rate. This creates an additional expense to DCE, which procures DCE's fully Carbon Free product versus DCE's lower-cost Desert Saver product.

There are several options for the Board to consider, including suspending the subsidy. This would result in a cost reduction for DCE of approximately \$120,000. Suspending the subsidy would have no financial impact on CARE/FERA customers as they would continue to pay Desert Saver rates. The DCE Board could reinstate the subsidy at a future date if/when it may deem it prudent to do so.

¹ CARE/FERA is funded through a rate surcharge paid by all other utility customers. The income limits may be adjusted each year depending on inflation. California has a Low-Income Oversight Board (LIOB), which was established by the Legislature to advise the CPUC on energy related low-income assistance programs of utilities under the CPUC's jurisdiction.

As this decision affects Palm Springs customers, the DCE Board could also seek additional feedback from the Palm Springs City Council before making a decision on the subsidy. The Board may recall that was the approach taken prior to approving the CARE/FERA subsidy in February 2020. At the time, the Palm Springs City Council endorsed a plan to enroll CARE/ FERA customers in DCE's 100% Carbon Free plan, with the added premium to be subsidized by non-CARE/FERA customers. If this is the DCE Board's direction, DCE staff will work with city staff to see if the topic can be presented to the Palm Springs City Council before the next scheduled DCE Board meeting, which is on April 19.

Fiscal Analysis: If the Board approves suspension of this subsidy, CARE/FERA customers will continue to pay the same Desert Saver rates as they have since launch. In short, CARE/FERA customer bills will not change, and the financial benefit of lower Desert Saver rates will continue for CARE/FERA customers. While revenue from Carbon Free customers has offset the cost of the subsidy thus far, the cost savings from subsidy suspension would be realized within DCE's budget and individual customers' bills would be unaffected. DCE staff estimates that if DCE no longer purchases 100% carbon-free electricity for Desert Saver low-income customers, DCE's wholesale power supply costs will be reduced approximately \$120,000 per year.

Item 6F

Desert Community Energy Board
March 15, 2021



STAFF REPORT

Subject: Bill Assistance Program for DCE Customers Impacted by COVID-19

Contact: Katie Barrows, Director of Energy/Environmental Resources (kbarrows@cvaq.org) and Valdemar Galeana, Accounting Manager (vgaleana@cvaq.org)

Recommendation: Authorize a bill assistance program for residential and non-residential customers impacted by COVID-19, subject to the specified program criteria; and approve a FY2019-2020 budget reallocation for \$70,000 for the program

Background: The COVID-19 pandemic has been ongoing for more than a year, creating widespread financial hardships for individuals, families and businesses. DCE customers have experienced it first-hand, including residential customers who are unemployed or had their work hours significantly reduced, or small business that shuttered or were forced to limit their operations. This has resulted in large numbers of customers falling behind on their electricity payments.

In response to the COVID-19 pandemic, Governor Newsom signed an Executive Order that put a moratorium on utility bill disconnects due to non-payment, as well a prohibition on the imposition of late fees and penalties associated with failure to pay utility bills. The moratorium was originally set through April 2021, but has since been extended to June 30, 2021.

At the end of January 2021, DCE had 1,037 active residential accounts and 124 small business accounts – accounting for almost 3 percent of total DCE’s customer base – that were at least 90 days past due, with a total outstanding balance of approximately \$523,000. Additionally, there are currently 542 residential and small business accounts that are 60 days past due, creating a total outstanding balance of \$32,000. This may fall under the bad debt threshold in the coming months.

DCE’s delinquency rates for customers have increased significantly during this period as well. On April 2020, DCE’s original delinquency rate was estimated to be around 0.3% for the FY 2019/2020 Budget. Based on the current conditions, at the end of January 2021, the delinquency rate was around 3% and is projected to keep increasing.

This phenomenon is not unique to DCE; water, gas and electric utilities across Southern California and the state are all experiencing unique and dramatic increases in delinquency rates. DCE staff has reached out to various CCAs across the state and have found that every utility contacted is seeing similar increases in delinquency rates. DCE staff also has explored opportunities to recoup some of its lost revenue. But state and federal aid packages approved to provide COVID-19 relief do not allocate funding for special districts.

Currently, there are some programs available through Southern California Edison (SCE) and other entities, that can help residential and small business customers who are behind on their bills enroll on a payment plan and/or get a one-time bill credit. These include:

- *Arrearage Management Plan (AMP)*: AMP is a joint effort between SCE and CCAs such as DCE to provide debt forgiveness to income-qualified customers that stay current and pay their most recent bill on time. After 12 months of staying current, the customers' existing outstanding balance would be reduced to \$0. This program launched in February 2021 and is available to CARE/FERA customers with a \$500 or more outstanding balance, in which a portion of that balance is 90+ days old.
- *Low-Income Home Energy Assistance Program*: LIHEAP is a federally funded program that provides a one-time utility payment assistance program to low-income customers in Riverside County. Additionally, this program provides weatherization services to eligible customers and in doing so helps to reduce electricity usage and their bill. This program is administered by the Community Action Partnership of Riverside County.
- *Energy Assistance Fund*: The EAF is largely funded by SCE shareholders and employee and customer donations. Typically, residential customers are eligible for one-time grant of up to \$100 distributed via community partners such as United Way, and other social service organizations. During the pandemic, the available grant has been doubled to \$200. Income qualified customers experiencing hardship due to quarantine, illness (including caring for loved ones), or business closures are eligible for EAF assistance.

Given the amount of economic distress DCE customers are experiencing, staff is proposing a bill assistance program that is modeled after similar initiatives in the state. The primary objective of the program helping DCE customers re-engage and get current on their bill. While penalties and shut offs are prohibited due to the moratorium, past due balances still must be repaid when the moratorium ends in June 2021. Providing a bill assistance program would allow DCE to retain these customers in the long run and provide them the resources that would help them start to become current on their past due balances.

The program will target specific classes of customers who are likely to need assistance, including those who are requesting assistance for the first time. At the same time, it encourages these customers, through the automatic application of a bill credit, to access sustained forms of financial assistance.

The program can be summarized in two parts:

1. Bill Credits for Payment Plans
 - Automatic \$30 bill credit for an existing residential customer (including CARE/FERA and Medical Baseline¹ and non-CARE/FERA) already enrolled in a Payment Plan with an outstanding balance over \$100 with a portion older than 90 days.
 - Automatic \$55 bill credit for a small business/non-residential customer (GS-1/GS-2 account holders) already enrolled in a Payment Plan with an outstanding balance over \$200 with a portion older than 90 days.
2. Bill credits for customers newly enrolled in Financial Assistance or Payment
 - Automatic \$30 bill credit for newly enrolled CARE/FERA/Medical Base customers with a portion of outstanding balance older than 90 days and sign up for a Payment Plan.
 - Automatic \$30 bill credit for residential customers (non-CARE/FERA customers) who sign up for a Payment Plan.
 - Automatic \$55 bill credit for non-residential customers (GS-1/GS-2 account holders) who sign up for a Payment Plan.

¹ California Alternate Rates for Energy (CARE) reduces electric bills for qualified customers by about 30%. Family Electric Rate Assistance (FERA) reduces electric bills for qualified households by about 18%. Medical Baseline (MBL) provides higher kWh of electricity per day at the lowest baseline rate for customers requiring the use of electrical-powered medical equipment.

Despite the existence of programs such as the AMP, which DCE is participating in, DCE staff expects there is a large untapped population of people who are eligible for assistance who are either not requesting it or are not CARE/FERA customers.

The proposed bill assistance program provides modest but immediate bill relief, while steering particularly vulnerable customers towards sustained forms of help. Disconnections will resume, keeping customers current on their bills – either through reduced rates like Desert Saver or payment plans – can help customers improve DCE’s delinquency rate.

The bill assistance program would also be relatively simple to administer and builds on what DCE is already communicating to customers about SCE being the single point of contact for applying assistance. SCE has indicated support for DCE’s concept and is currently working with other CCAs (Clean Power Alliance and Western Community Energy) in similar assistance programs. SCE also expressed willingness to implement front-end training for their customer services representatives to communicate the availability of the special credit available to DCE customers.

If approved, customers (residential and small businesses) will sign up for payment plans, including the AMP and CARE/FERA, via SCE. DCE will receive a weekly report on these customers and will work with its billing manager, Calpine, to automatically apply a bill credit to those customers, in most cases, on their next bill.

Customers who took any of the above action on or after May 1, 2020 will receive the credit. Retroactive distribution of funds ensures those who were impacted early and requested assistance are not penalized and receive some immediate assistance. May 1 is the selected date because it corresponds to the first month of operations of DCE. The program will remain in place until funds run out or the Board decides that funds should be used in a different manner.

Fiscal Analysis: The proposed bill assistance program would result in up to \$70,000 to be applied in credits plus marketing/outreach expenditures. DCE recommends allocating \$15,000 of this for bill credits for payment plans, and the remaining \$55,000 for bill credits for customers newly enrolled in financial assistance or payment plans.

With this action, DCE staff is recommending that the costs are covered by reallocating funds previously assigned in the existing budget to a contract with Lift to Rise, who was hired in January 2020 to conduct outreach to CARE/ FERA customers. The contract with Lift was ended in June 2020 amid the changing customer circumstances seen during COVID-19. This meant DCE never expended the total amount budgeted, which was \$168,000.

A breakdown of how the \$70,000 was calculated is presented in the following chart:


	Number of customers	Credit Assigned	Amount credited (to be credited)	Outstanding Receivable as of Jan 2021
CARE/FERA/Medical Baseline Customers with outstanding balance over \$100 with a portion older than 90 days already enrolled in a Payment Plan	135	\$30	\$4,050.00	\$43,692.00
Residential Non-CARE/FERA customers already enrolled in a Payment Plan with outstanding balance over \$100	68	\$30	\$2,040.00	\$37,490.00

	Number of customers	Credit Assigned	Amount credited (to be credited)	Outstanding Receivable as of Jan 2021
Non-Residential customers (GS-1/GS-2) already enrolled in a Payment Plan with outstanding balance over \$200	25	\$55	\$1,375.00	\$44,637.00
Subtotal – To be paid upon implementation of the plan	228		\$7,465.00	\$125,819.00
CARE/FERA/Medical Baseline Customers with outstanding balance over \$100 with a portion older than 90 days	639	\$30	\$19,170.00	\$158,410.00
Residential Non-CARE/FERA customers to be enrolled in Payment Plans with outstanding balances over \$100 with a portion older than 90 days	652	\$30	\$19,560.00	\$201,831.00
Non-Residential customers (GS-1/GS-2) to be enrolled in a Payment Plan with outstanding balance over \$200 with a portion older than 90 days.	185	\$55	\$10,175.00	\$64,744.00
Subtotal- To be paid upon enrollment on CARE/FERA or other Payments Plans	1,061		\$48,905.00	\$424,985.00
Outreach & Marketing			\$6,630.00	
Contingency			\$7,000.00	
TOTAL	1,703		\$70,000.00	\$555,804.00

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	✓	✓	✓	✓	✓	✓	*	✓				

Absent 
No Meeting *

**DESERT COMMUNITY ENERGY
UNAUDITED BALANCE SHEET
FROM JULY 1, 2020 TO JANUARY 31, 2021**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
<u>ASSETS</u>			
River City Bank			
- Operating Account		10,339.86	10,339.86
- Money Market Account	589,322.08	2,587,000.00	3,176,322.08
- ICS Account	1,316,556.91	0.00	1,316,556.91
- Lockbox Account	2,419,839.46	(1,407,302.56)	1,012,536.90
- SCE FSR Letter of Credit Collateral	147,000.00	0.00	147,000.00
Total Cash	4,472,718.45	1,190,037.30	5,662,755.75
Accounts Receivable			
- Southern California Edison		2,719,352.71	2,719,352.71
- Southern California Edison (Escrow account)		2,365,879.23	2,365,879.23
- Bad Debt		(73,366.85)	(73,366.85)
Total Accounts Receivable		5,011,865.09	5,011,865.09
Accrued Revenue		1,077,815.10	1,077,815.10
Deposits/Bonds			
- CPUC	100,000.00		100,000.00
Total Deposits/Bonds	100,000.00		100,000.00
TOTAL ASSETS	4,572,718.45	7,279,717.49	11,852,435.94
<u>LIABILITIES</u>			
Accounts Payable			
- Ace Printing	312.34	312.33	624.67
- Burke Rix	0.00	1,702.50	1,702.50
- Calpine	0.00	48,256.30	48,256.30
- Donald D. Dame	537.50	1,612.50	2,150.00
- Southern California Edison	0.00	4,049,874.06	4,049,874.06
- The Energy Authority	0.00	1,420,484.61	1,420,484.61
- White Rabbit Group	0.00	0.00	0.00
- Net Energy Metering payables	0.00	2,066.02	2,066.02
- CA Community Choice Association	0.00	0.00	0.00
Total Accounts Payable	849.84	5,524,308.32	5,525,158.16
Due to Other Governments			
Utility Users Tax- Palm Springs		154,343.40	154,343.40
Electric Energy Surcharge (CDTFA)		43,684.96	43,684.96
Total Due to Other Governments		198,028.36	198,028.36
Vendor security deposits			
Terra-Gen		837,000.00	837,000.00
Total Vendor security deposits		837,000.00	837,000.00
TOTAL LIABILITIES	849.84	6,559,336.68	6,560,186.52
<u>FUND BALANCE</u>			
Reserve (Restricted requirement for Credit Solutions TEA)		1,750,000.00	1,750,000.00
Fund Balance	4,571,868.62	(1,029,619.20)	3,542,249.42
TOTAL LIABILITIES AND FUND BALANCE	4,572,718.45	7,279,717.48	11,852,435.94

**DESERT COMMUNITY ENERGY
UNAUDITED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FROM JULY 1, 2020 TO JANUARY 31, 2021**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
REVENUES			
Electricity Sales ⁽¹⁾	0.00	23,529,628.69	23,529,628.69
Bad Debt	0.00	(56,851.36)	(56,851.36)
Other Revenue	0.00	476,448.82	476,448.82
Investment Income	11,053.75	0.00	11,053.75
TOTAL REVENUES	<u>11,053.75</u>	<u>23,949,226.15</u>	<u>23,960,279.90</u>
EXPENDITURES			
Cost of Electricity			
Electricity Purchase	0.00	12,215,909.20	12,215,909.20
Resource Adequacy	0.00	4,461,417.20	4,461,417.20
Low Carbon Settlement	0.00	560,250.00	560,250.00
Renewable Energy Credit Settlement	0.00	1,799,500.00	1,799,500.00
Market Charges	0.00	5,554,565.75	5,554,565.75
Total Cost of Electricity	0.00	24,591,642.15	24,591,642.15
Accounting / Bank Services	869.50	869.50	1,738.99
Professional Services			
- Arthur J Gallaguer Insurance & co	233.13	233.13	466.25
- LSL, CPAs	1,687.50	5,062.50	6,750.00
- Lift to Rise	0.00	0.00	0.00
- Southern California Edison	0.00	32,337.92	32,337.92
Total Professional Services	1,920.63	37,633.55	39,554.17
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	4,003.56	12,010.69	16,014.25
- Calpine Energy Solutions	0.00	353,813.80	353,813.80
- CVAG	0.00	0.00	0.00
- The Energy Authority	0.00	660,357.61	660,357.61
- White Rabbit Group	950.00	950.00	1,900.00
Total Consultants	4,953.56	1,027,132.10	1,032,085.66
Outreach			
- Burke Rix Communications	0.00	16,484.89	16,484.89
Total Outreach	0.00	16,484.89	16,484.89
Postage			
- Ace Printing	896.22	896.22	1,792.44
Total Printing	896.22	896.22	1,792.44
Printing			
- Ace Printing	1,212.87	1,212.87	2,425.74
Total Printing	1,212.87	1,212.87	2,425.74
Registrations/Memberships			
- CA Community Choice Association	14,456.75	43,370.25	57,827.00
Total Registration/Memberships	14,456.75	43,370.25	57,827.00
Interest Expense	0.00	3,094.58	3,094.58
TOTAL EXPENDITURES	<u>27,559.52</u>	<u>25,725,586.10</u>	<u>25,753,145.62</u>
Excess of Revenues over Expenditures	(16,505.77)	(1,776,359.95)	(1,792,865.72)
Fund Balance - Beginning of the Year	4,588,374.39	2,496,740.75	7,085,115.14
Fund Balance - End of the Year	<u>4,571,868.62</u>	<u>720,380.80</u>	<u>5,292,249.42</u>

(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 JANUARY 31, 2021

ASSETS

River City Bank		
- Operating Account	10,339.86	
- Money Market Account	3,176,322.08	
- ICS Account	1,316,556.91	
- Lockbox Account	1,012,536.90	
- SCE FSR Letter of Credit Collateral	147,000.00	
Total Cash		5,662,755.75
Accounts Receivable		
- Southern California Edison	2,719,352.71	
- Southern California Edison (Escrow account)	2,365,879.23	
- Bad Debt	(73,366.85)	
Total Accounts Receivable		5,011,865.09
Accrued Revenue		1,077,815.10
Deposits/Bonds		100,000.00
TOTAL ASSETS		<u>11,852,435.94</u>

LIABILITIES

Accounts Payable		
- Ace Printing	624.67	
- Burke Rix	1,702.50	
- Calpine	48,256.30	
- Donald D. Dame	2,150.00	
- Southern California Edison	4,049,874.06	
- The Energy Authority	1,420,484.61	
- White Rabbit Group	0.00	
-Net Energy Metering payables	2,066.02	
Total Accounts Payable		5,525,158.16
Due to Other Governments		
Coachella Valley Association of Governments	0.00	
Utility Users Tax- Palm Springs	154,343.40	
Electric Energy Surcharge (CDTFA)	43,684.96	
Total Due to Other Governments		198,028.36
Vendor security deposits		
Terra-Gen	837,000.00	
Total Vendor security deposits		837,000.00
TOTAL LIABILITIES		<u>6,560,186.52</u>

FUND BALANCE

Reserve (Restricted requirement for Credit Solutions TEA)	1,750,000.00
Fund Balance	<u>3,542,249.42</u>
TOTAL FUND BALANCE	5,292,249.42
TOTAL LIABILITIES AND FUND BALANCE	<u>11,852,435.94</u>

REVENUES

Electricity Sales ⁽¹⁾		23,472,777.33
Carbon Free	18,758,734.39	
Carbon Free- CARE/FERA	2,794,738.73	
Desert Saver	1,976,155.57	
Bad Debt	(56,851.36)	
Other revenue		476,448.82
Investment Income		11,053.75
TOTAL REVENUES		<u>23,960,279.90</u>

EXPENDITURES

Cost of Electricity		
Electricity Purchase	12,215,909.20	
Resource Adequacy	4,461,417.20	
Low Carbon Settlement	560,250.00	
Renewable Energy Credit Settlement	1,799,500.00	
Market Charges	5,554,565.75	
Total Cost of Electricity		24,591,642.15
Accounting / Bank Services		1,738.99
Professional Services		39,554.17
Insurance		6,500.00
Consultants		1,032,085.66
Outreach		16,484.89
Postage		1,792.44
Printing		2,425.74
Registrations/Memberships		57,827.00
Interest Expense		3,094.58
TOTAL EXPENDITURES		<u>25,753,145.62</u>

Excess of Revenues over Expenditures	(1,792,865.72)
Fund Balance - Beginning of the Year	<u>7,085,115.14</u>
Fund Balance - End of the Year	<u>5,292,249.42</u>

(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 BALANCE SHEET
FROM JULY 1, 2020 TO FEBRUARY 28, 2021**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
<u>ASSETS</u>			
River City Bank			
- Operating Account		9,668.36	9,668.36
- Money Market Account	689,603.79	837,000.00	1,526,603.79
- ICS Account	1,317,050.36	0.00	1,317,050.36
- Lockbox Account	2,318,637.48	(1,458,770.39)	859,867.09
- SCE FSR Letter of Credit Collateral	147,000.00	0.00	147,000.00
Total Cash	4,472,291.63	(612,102.03)	3,860,189.60
Accounts Receivable			
- Southern California Edison		2,518,154.14	2,518,154.14
- Southern California Edison (Escrow account)		2,502,012.75	2,502,012.75
- Bad Debt		(73,366.85)	(73,366.85)
Total Accounts Receivable		4,946,800.04	4,946,800.04
Accrued Revenue		870,351.58	870,351.58
Deposits/Bonds			
- CPUC	100,000.00		100,000.00
Total Deposits/Bonds	100,000.00		100,000.00
TOTAL ASSETS	4,572,291.63	5,205,049.60	9,777,341.22
<u>LIABILITIES</u>			
Accounts Payable			
- Ace Printing	640.34	640.33	1,280.67
- Burke Rix	0.00	7,602.50	7,602.50
- Calpine	0.00	48,395.45	48,395.45
- Donald D. Dame	624.31	1,872.94	2,497.25
- Southern California Edison	0.00	2,000,000.00	2,000,000.00
- The Energy Authority	0.00	2,125,628.47	2,125,628.47
- White Rabbit Group	0.00	0.00	0.00
- Net Energy Metering payables	0.00	2,066.02	2,066.02
- CA Community Choice Association	0.00	0.00	0.00
Total Accounts Payable	1,264.65	4,186,205.71	4,187,470.36
Due to Other Governments			
Utility Users Tax- Palm Springs		124,220.32	124,220.32
Electric Energy Surcharge (CDTFA)		17,281.45	17,281.45
Total Due to Other Governments		141,501.77	141,501.77
Vendor security deposits			
Terra-Gen		837,000.00	837,000.00
Total Vendor security deposits		837,000.00	837,000.00
TOTAL LIABILITIES	1,264.65	5,164,707.48	5,165,972.13
<u>FUND BALANCE</u>			
Fund Balance	4,571,026.98	40,342.11	4,611,369.09
TOTAL LIABILITIES AND FUND BALANCE	4,572,291.62	5,205,049.59	9,777,341.22
	(0.00)	(0.00)	

**DESERT COMMUNITY ENERGY
UNAUDITED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FROM JULY 1, 2020 TO FEBRUARY 28, 2021**

	<u>GENERAL</u>	<u>PALM SPRINGS</u>	<u>TOTAL</u>
REVENUES			
Electricity Sales ⁽¹⁾	0.00	25,034,675.82	25,034,675.82
Bad Debt	0.00	(56,851.36)	(56,851.36)
Other Revenue	0.00	497,237.33	497,237.33
Investment Income	11,828.91	0.00	11,828.91
TOTAL REVENUES	<u>11,828.91</u>	<u>25,475,061.79</u>	<u>25,486,890.70</u>
EXPENDITURES			
Cost of Electricity			
Electricity Purchase	0.00	13,287,720.40	13,287,720.40
Resource Adequacy	0.00	4,889,092.20	4,889,092.20
Low Carbon Settlement	0.00	1,393,690.00	1,393,690.00
Renewable Energy Credit Settlement	0.00	1,799,500.00	1,799,500.00
Market Charges	0.00	5,294,202.61	5,294,202.61
Total Cost of Electricity	<u>0.00</u>	<u>26,664,205.21</u>	<u>26,664,205.21</u>
Accounting / Bank Services	921.79	921.79	1,843.58
Office Supplies	299.86	899.57	1,199.43
Professional Services			
- Arthur J Gallaguer Insurance & co	233.13	233.13	466.25
- LSL, CPAs	1,687.50	5,062.50	6,750.00
- Lift to Rise	0.00	0.00	0.00
- Southern California Edison	0.00	32,332.18	32,332.18
Total Professional Services	<u>1,920.63</u>	<u>37,627.81</u>	<u>39,548.43</u>
Insurance			
- Directors & Officers	3,000.00	3,000.00	6,000.00
- General Liability	250.00	250.00	500.00
Total Insurance	<u>3,250.00</u>	<u>3,250.00</u>	<u>6,500.00</u>
Consultants			
- Donald D. Dame	4,627.88	13,883.63	18,511.50
- Calpine Energy Solutions	0.00	402,209.25	402,209.25
- CVAG	0.00	0.00	0.00
- The Energy Authority	0.00	734,211.53	734,211.53
- White Rabbit Group	950.00	950.00	1,900.00
Total Consultants	<u>5,577.88</u>	<u>1,151,254.41</u>	<u>1,156,832.28</u>
Outreach			
- Burke Rix Communications	0.00	24,087.39	24,087.39
Total Outreach	<u>0.00</u>	<u>24,087.39</u>	<u>24,087.39</u>
Postage			
- Ace Printing	1,126.56	1,126.56	2,253.11
Total Printing	<u>1,126.56</u>	<u>1,126.56</u>	<u>2,253.11</u>
Printing			
- Ace Printing	1,622.87	1,622.87	3,245.74
Total Printing	<u>1,622.87</u>	<u>1,622.87</u>	<u>3,245.74</u>
Registrations/Memberships			
- CA Community Choice Association	14,456.75	43,370.25	57,827.00
Total Registration/Memberships	<u>14,456.75</u>	<u>43,370.25</u>	<u>57,827.00</u>
Interest Expense	0.00	3,094.58	3,094.58
TOTAL EXPENDITURES	<u>29,176.32</u>	<u>27,931,460.43</u>	<u>27,960,636.75</u>
Excess of Revenues over Expenditures	(17,347.41)	(2,456,398.64)	(2,473,746.05)
Fund Balance - Beginning of the Year	4,588,374.39	2,496,740.75	7,085,115.14
Fund Balance - End of the Year	<u>4,571,026.98</u>	<u>40,342.11</u>	<u>4,611,369.09</u>

(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 FEBRUARY 28, 2021

ASSETS

River City Bank		
- Operating Account	9,668.36	
- Money Market Account	1,526,603.79	
- ICS Account	1,317,050.36	
- Lockbox Account	859,867.09	
- SCE FSR Letter of Credit Collateral	147,000.00	
Total Cash		3,860,189.60
Accounts Receivable		
- Southern California Edison	2,518,154.14	
- Southern California Edison (Escrow account)	2,502,012.75	
- Bad Debt	(73,366.85)	
Total Accounts Receivable		4,946,800.04
Accrued Revenue		870,351.58
Deposits/Bonds		100,000.00
TOTAL ASSETS		9,777,341.22

LIABILITIES

Accounts Payable		
- Ace Printing	1,280.67	
- Burke Rix	7,602.50	
- Calpine	48,395.45	
- Donald D. Dame	2,497.25	
- Southern California Edison	2,000,000.00	
- The Energy Authority	2,125,628.47	
-Net Energy Metering payables	2,066.02	
Total Accounts Payable		4,187,470.36
Due to Other Governments		
Coachella Valley Association of Governments	0.00	
Utility Users Tax- Palm Springs	124,220.32	
Electric Energy Surcharge (CDTFA)	17,281.45	
Total Due to Other Governments		141,501.77
Vendor security deposits		
Terra-Gen	837,000.00	
Total Vendor security deposits		837,000.00
TOTAL LIABILITIES		5,165,972.13

FUND BALANCE

Fund Balance		4,611,369.09
TOTAL FUND BALANCE		4,611,369.09
TOTAL LIABILITIES AND FUND BALANCE		9,777,341.22

REVENUES

Electricity Sales ⁽¹⁾		24,977,824.46
Carbon Free	20,050,162.62	
Carbon Free- CARE/FERA	2,965,117.68	
Desert Saver	2,019,395.52	
Bad Debt	(56,851.36)	
Other revenue		497,237.33
Investment Income		11,828.91
TOTAL REVENUES		25,486,890.70

EXPENDITURES

Cost of Electricity		
Electricity Purchase	13,287,720.40	
Resource Adequacy	4,889,092.20	
Low Carbon Settlement	1,393,690.00	
Renewable Energy Credit Settlement	1,799,500.00	
Market Charges	5,294,202.61	
Total Cost of Electricity		26,664,205.21
Accounting / Bank Services		1,843.58
Office Supplies		1,199.43
Professional Services		39,548.43
Insurance		6,500.00
Consultants		1,156,832.28
Outreach		24,087.39
Postage		2,253.11
Printing		3,245.74
Registrations/Memberships		57,827.00
Interest Expense		3,094.58
TOTAL EXPENDITURES		27,960,636.75

Excess of Revenues over Expenditures		(2,473,746.05)
Fund Balance - Beginning of the Year		7,085,115.14
Fund Balance - End of the Year		4,611,369.09

(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

Item 7D

Desert Community Energy Board
March 15, 2021



STAFF REPORT

Subject: Update on DCE Program Activities

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

Recommendation: Information

Background: DCE staff regularly provides an update on the activities underway, particularly as it pertains to the service to customers in the City of Palm Springs since April 2020. Some overall highlights include:

- ✓ Almost 90% of Palm Springs customers continue to stay with DCE and approximately 83 percent are enrolled in DCE's Carbon Free plan; and
- ✓ Carbon Free customers have reduced greenhouse gases the equivalent of taking more than 15,000 cars off the road.

Potential Renewable Projects in Coachella Valley Region: At the February 2021 Board meeting, during the discussion about a power purchase agreement with Vesper Solar + Storage, DCE Vice Chair Sabby Jonathan asked about the potential for this kind of project to be developed in the Coachella Valley. The potential for larger renewable projects that incorporate storage, or ways to encourage and incentivize residential scale storage could help with grid resilience. It would also help meet DCE's goals to promote local projects and local jobs, encourage investment in our local communities, and increase the clean energy profile of the Coachella Valley. It was suggested that staff explore this opportunity with local partners including the Coachella Valley Economic Partnership, local solar companies, as well as solar and wind developers. Staff is researching options and opportunities and will report back to the Board at a later date.

CalCCA – Legislative Update: The California Community Choice Association (CALCCA) has been supporting CCAs across the state by developing proposals for long-term fixes to the power charge indifference adjustment (PCIA). This work included a PCIA Working Group 3, with CalCCA taking the lead with CCAs and Investor-Owned Utilities (IOUs). The effort focused on developing a strategy that would allow CCAs to increase transparency into the PCIA rate setting process. A proposal was submitted to the CPUC in February 2020 for consideration. Central to this effort was a finding a way to reduce PCIA charges and benefit all customers in the form of lower charges. The proposal would require IOUs to optimize energy portfolios by more actively managing contracts and increasing transparency into the PCIA process. The CPUC has not acted on this proposal. To move the process forward, CalCCA is now taking a legislative approach. Senate Bill 612, recently introduced by Senator Anthony Portantino (D-La Canada-Flintridge), is being sponsored by CalCCA in order to implement the plan by 2023. The bill's initial language is broad, but CalCCA intends to ensure fair and equal access to the benefits of legacy energy resources held in IOU portfolios and address the management of these resources to maximize value for all customers. SB 612 now has a total of 18 coauthors. The full text of SB 612 is available here: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB612

CalCCA has started seeking support from all CCAs. DCE staff will be reviewing the bill's language as it develops and will provide an update to the DCE Board at a future meeting.

Community Outreach & Post-Launch Activities: Community engagement continues to focus on responding to customer inquiries, resolving issues where they occur, and providing informative messages about DCE on social media and the website. The latest opt-out/opt-down statistics are presented below.

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 decreased from January 2021 (645) to February 2021 (311). No specific complaints from customers have been reported by the customer service team in recent months.

The outreach team is adding updates to the DCE website to encourage customers reduce their energy use and encourage energy conservation. The website additions have been designed and include "Energy Saving Tips to Save Money At Home" and "Green Building Tips For Homes In The Desert." The website continues to highlight how DCE customers in the City of Palm Springs have contributed to combatting climate change, eliminating the equivalent of 15,000 cars off the road.

The online bill comparison tool is being updated to reflect recent rate adjustments and is temporarily offline. Staff will provide updates on a quarterly basis on use of the bill comparison tool starting in April or May 2021 to allow time for a representative data sample to accumulate.

As a reminder, DCE's website 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.

GRID Alternatives Outreach: At the February 23 meeting, staff reported on collaboration with GRID Alternatives to encourage eligible property owners to take advantage of funding available through the Single-family Affordable Solar Homes (SASH) program, which provides up-front rebates to defray the cost of installing rooftop solar for low-income households. Staff is working with member agencies to have letters to eligible property owners signed by each city's mayor. The letters are expected to go out this month.

Community Advisory Committee (CAC): The Community Advisory Committee (CAC) held a meeting on February 24, 2021 via Zoom videoconference. The CAC members reported on their research on potential community programs that DCE could offer in the future. Staff will work with CAC members to add information on no-cost programs that customers can take advantage of to reduce their energy use and increase energy efficiency to the DCE website and promote via other outreach tools. Other opportunities are still being explored including electric vehicle incentives for vehicle purchase and charging stations, energy efficiency programs, solar rebates, ways to promote battery storage, and programs that further climate and energy resilience. The CAC also discussed ways they could support the effort to enroll eligible property owners in the GRID Alternatives SASH program, including making phone calls after letters have been received to assist those interested.

Customer Participation Rates: The participation rate has remained relatively stable with nearly 90% of eligible customers in Palm Springs choosing to stay with DCE. More than 80% of those customers are receiving 100% carbon-free electricity. As of January 2021, there has been a total

of 5,027 opt-outs, or 11.86% of the 42,378 total eligible customers in Palm Springs. In addition, 3,074 customers, or 7.25%, 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 2020.

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 monthly continues to trend generally downward from the summer months.

Desert Community Energy Monthly Contact Center and Opt-Action Statistics Summary – February 2021

Stats by Month	February20	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	Sept. 2020	October 20	Nov. 2020	Dec. 2020	January 21	February 21	Total
Total Calls	283	980	1706	1698	1929	1085	1384	1120	793	596	547	645	311	13,077
Total Calls Connected to Agents	115	450	787	824	1098	634	655	498	291	162	150	212	170	6,046
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	0:00:22	0:00:15	0:00:11	0:00:09	
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	0:09:22	0:09:47	0:09:34	0:09:15	
Total Eligible Customers	40,618	40,618	42,136	42,167	42,207	42,234	42,250	42,270	42,299	42,333	42,347	42,367	42,378	42,378
Monthly Opt-Outs	193	812	1058	833	785	356	356	212	141	68	61	81	71	5,027
Opt-Out Percentage	0.48%	2.00%	2.51%	1.98%	1.86%	0.84%	0.84%	0.50%	0.33%	0.16%	0.14%	0.19%	0.17%	11.86%
Total Opt-Down	54	231	850	519	457	282	240	132	105	48	41	57	58	3,074
Opt-Down Percentage	0.13%	0.57%	2.02%	1.23%	1.08%	0.67%	0.57%	0.31%	0.25%	0.11%	0.10%	0.13%	0.14%	7.25%
Total Opt-Up (from Desert Saver)	0	1	1	0	4	1	0	1	0	0	0	1	0	9
Opt-Up Percentage	0.000%	0.002%	0.002%	0.000%	0.009%	0.002%	0.000%	0.002%	0.000%	0.000%	0.000%	0.002%	0.000%	0.021%

Desert Community Energy Opt-Action Statistics by Rate Category – February 2021

		Opt-Out	% Opt-Out	Opt-Down	% Opt-Down
Total Eligible Customers	42,378	5,027	11.86%	3,074	7.25%
Residential		3,503	8.27%	2,279	5.38%
Small Commercial		57	0.13%	289	0.68%
Medium Commercial		555	1.31%	37	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%
NetEnergy Metering (NEM)		868	2.05%	463	1.09%

The number of CARE/FERA/Medical Baseline customers who opted down or out did not change from January 2021 to February 2021. This total includes 737 (10.2%) who opted out and 225 (3.1%) of these customers who opted down. For all customers, the primary reasons given for opting out include a dislike for being automatically enrolled, rate or cost concerns, and service/billing concerns. Many customers did not provide a reason for their decision to opt out.