



## **DESERT COMMUNITY ENERGY BOARD MEETING AGENDA**

**Monday, November 20, 2023  
3 p.m.**

**\*PLEASE NOTE CHANGE IN MEETING LOCATION\***

**Palm Springs Police Department  
Training Center Conference Room – Classroom A  
200 S. Civic Dr.  
Palm Springs CA 92262**

Members of the public may use the following link for listening access and ability to address the Desert Community Energy Board when called upon:

<https://us02web.zoom.us/j/86784846766?pwd=cFR3NWcvVE1FTkhuaTBiQlJGNepFZz09>

**Dial In: +1 669 900 9128 US  
Webinar ID: 867 8484 6766  
Password: 484956**

**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](mailto:cvag@cvag.org) by 5:00 p.m. on the day prior to the Board 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** – Chair Lisa Middleton, Councilmember, City of Palm Springs

2. **ROLL CALL**

A. **Member Roster**

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3. **AGENDA MODIFICATIONS (IF ANY)**

4. **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.

5. **BOARD MEMBER / EXECUTIVE DIRECTOR COMMENTS**

6. **CONSENT CALENDAR**

A. **Approve Minutes from the September 26, 2023 Board Meeting**

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B. **Adopt DCE's 2023-24 Legislative Platform, which adds energy affordability into the set of policies that is supported by DCE**

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7. **DISCUSSION / ACTION**

A. **Presentation: Statewide Legislative and Policy Efforts Impacting Community Choice Providers** – Beth Vaughan, the Executive Director of California Community Choice Association (CalCCA)

B. **DCE's Audit for Fiscal Year 2022/23 and Related Reports** – Claude Kilgore

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**Recommendation:** Receive and file the Audited Financial Statements for the year ended June 30, 2023, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance

C. **Contract for Marketing and Community Engagement Services** – Emily Langenbahn

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**Recommendation:** Authorize the Executive Director to execute a three-year services contract with Burke Rix Communications for marketing and outreach efforts for a total amount not-to-exceed amount of \$285,415 through December 31, 2026

D. **Cost-free nuclear energy generation allocations from SCE and PG&E**  
– David Freedman

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**Recommendation:** Authorize the Executive Director to elect for DCE to receive its pro rata allocations of nuclear energy generation from Southern California Edison (SCE) and Pacific Gas and Electric (PG&E), at no additional cost to DCE

**E. Guaranty of DCE's Obligations to The Energy Authority – David Freedman**

**P111**

**Recommendation:** Authorize the Executive Director to take the necessary steps to secure from the City of Palm Springs a guaranty of DCE's power procurement obligations to The Energy Authority, not to exceed \$25 million

**8. INFORMATION**

A) Attendance Record

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B) Unaudited Year-to-Year Financial Report as of September 30, 2023

**P114**

C) DCE's Unaudited Investment Report through September 30, 2023

**P117**

D) DCE Financial Outlook

**P118**

E) Future Updates to DCE Policy for Net Energy Metering Service

**P120**

F) October 2023 Rate Adjustment Summary

**P122**

G) SCE Consolidated Metering and Billing Errors

**P124**

**9. 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.

**10. ANNOUNCEMENTS**

The next DCE meeting will be held January 8, 2024 at 3:00 p.m. at the Large Conference Room at Palm Springs City Hall, 3200 E. Tahquitz Canyon Way, Palm Springs, 92262.

**11. CLOSED SESSION**

**Conference with Legal Counsel – Existing Litigation**

Initiation of litigation pursuant to Government Code Section 54956.9(d)(1)

Name: CPUC Resource Adequacy Proceedings (K.23-05-017; R.23-10-011)

**12. ADJOURNMENT**



## DESERT COMMUNITY ENERGY BOARD MEMBER ROSTER

Voting Members	Seat on Committee	Representative
City of Palm Desert	Vice Chair	<b>Veronica Chavez</b> Finance Director <i>Alternate: Mayor Kathleen Kelly</i>
City of Palm Springs	Chair	<b>Lisa Middleton</b> Councilmember <i>Alternate: Mayor Pro Tem Jeffrey Bernstein</i>
DCE Staff		
Tom Kirk, Executive Director		
David Freedman, Program Manager		
Emily Langenbahn, Management Analyst		
Janice Reitman, Accounting Manager		



## **ITEM 6A**

Desert Community Energy Board  
Meeting Minutes  
September 26, 2023



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 Middleton at 1:32 p.m. at Palm Springs City Hall's Large Conference Room, at 3200 E. Tahquitz Canyon Way, Palm Springs, 92262.

### **2. ROLL CALL**

Roll call was taken, and it was determined that a quorum was present.

#### **Members Present**

Councilmember Lisa Middleton, *Chair*  
Finance Director Veronica Chavez, *Vice Chair*

#### **Member Jurisdiction**

City of Palm Springs  
City of Palm Desert

### **3. AGENDA MODIFICATIONS (IF ANY)**

None

### **4. PUBLIC COMMENTS ON AGENDA ITEMS**

None

### **5. BOARD MEMBER / DIRECTOR COMMENTS**

DCE Program Manager David Freedman announced that Beth Vaughan, the Executive Director of California Community Choice Association (CalCCA), will attend the November DCE meeting to provide an update on statewide activities and plans for next year.

Mr. Freedman also noted that pending the Board's approval on Item 6D, this document will be filed with the California Energy Commission (CEC) and will be sent out to all DCE customers as required. Mr. Freedman reports that DCE customers reduced greenhouse gases (GHG) in Palm Springs by 65,701 metric tons, which is equivalent to removing 14,620 gas powered vehicles from the roads.

Mr. Freedman announced that the November 20 board meeting will be held at 3 p.m. at the CVAG offices located at on the corner of Highway 111 and El Paseo.

Chair Middleton invited Megan Poage, Director of Renewable Origination and Development with NextEra, to address the Board. Ms. Poage thanked the Board on

behalf of NextEra, for their support on the Desert Sands Energy Storage Project and for their consideration on the contract in today's agenda.

## **6. CONSENT CALENDAR**

**IT WAS MOVED BY FINANCE DIRECTOR CHAVEZ AND SECONDED BY COUNCILMEMBER MIDDLETON TO APPROVE CONSENT CALENDAR ITEMS:**

- A. Approve Minutes from the June 27, 2023 Board Meeting**
- B. Approve continued participation as an operational member in the California Community Choice Association for an annual membership rate of \$94,944**
- C. Authorize the Executive Director to execute a letter of engagement with Best Best & Krieger to provide legal services**
- D. Adopt Resolution No. 2023-04, approving the 2022 Power Content Label for Desert Community Energy**

**THE MOTION CARRIED WITH 2 AYES.**

<b>Councilmember Middleton</b>	<b>Aye</b>
<b>Finance Director Chavez</b>	<b>Aye</b>

## **7. DISCUSSION / ACTION**

### **A. DCE Mid-term Reliability Procurement: Desert Sands Energy Storage Project**

DCE Program Manager David Freedman presented the staff report.

Ms. Poage from NextEra answered questions regarding the project's next steps and other NextEra's projects.

**IT WAS MOVED BY VICE CHAIR CHAVEZ AND SECONDED BY CHAIR MIDDLETON TO ADOPT RESOLUTION 2023-05, APPROVING A 15-YEAR ENERGY STORAGE AGREEMENT WITH DESERT SANDS ENERGY STORAGE II, LLC, AND AUTHORIZING THE EXECUTIVE DIRECTOR AND/OR LEGAL COUNSEL TO MAKE MINOR MODIFICATIONS BEFORE EXECUTION OF THE AGREEMENT**

**THE MOTION CARRIED WITH 2 AYES.**

<b>Councilmember Middleton</b>	<b>Aye</b>
<b>Finance Director Chavez</b>	<b>Aye</b>

### **B. Investment Policy for DCE**

Finance Director Claude Kilgore presented the staff report and details on cash flow. Brief member discussion ensued.

**IT WAS MOVED BY VICE CHAIR CHAVEZ AND SECONDED BY CHAIR MIDDLETON TO ADOPT DCE POLICY NO. 23-03 AND ESTABLISH AN INVESTMENT POLICY**

**THE MOTION CARRIED WITH 2 AYES.**

**Councilmember Middleton  
Finance Director Chavez**

**Aye  
Aye**

**C. Presentation: DCE Financial Outlook**

Jaclyn Harr, Client Services Manager with The Energy Authority, provided an in-depth presentation via Zoom videoconference that included a look at trends, key takeaways and discussion on energy hedging. This item was an informational item with no action taken.

**8. INFORMATION**

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

- A) Attendance Record
- B) Unaudited Year-to-Year Financial Report as of June 30, 2023
- C) Bill Protection for Rosa Gardens Apartments Residents
- D) Solar Opportunities along Indian Canyon Drive
- E) Demand Side Grid Support and Distributed Electricity Backup Assets Programs

**9. PUBLIC COMMENT ON NON-AGENDA ITEMS**

None.

**10. ANNOUNCEMENTS**

**11.**

The October meeting is cancelled. The next DCE meeting will be held November 20, 2023, at 3:00 p.m. at the Coachella Valley Association of Governments' office, 74-19 El Paseo Drive, Suite 100, Palm Desert, 92260.

**11. ADJOURNMENT**

Chair Middleton adjourned the meeting at 2:10 p.m.

Respectfully submitted,  
*Elysia Regalado, Management Analyst- Administration*

## **ITEM 6B**

### **Desert Community Energy Board November 20, 2023**



#### **STAFF REPORT**

**Subject:** Annual Review of Desert Community Energy's Legislative Platform

**Contact:** Emmanuel Martinez, Program Manager – External Affairs ([emartinez@cvag.org](mailto:emartinez@cvag.org))

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**Recommendation:** Adopt DCE's 2023-24 Legislative Platform, which adds energy affordability into the set of policies that is supported by DCE

**Background:** In February 2023, DCE adopted its first legislative platform. With this item, DCE staff is recommending the platform shift from a calendar year to a fiscal year in order to mirror the legislative cycle. Staff is also recommending that the platform include energy affordability into the set of policies DCE would support. There are no other changes being proposed.

Prior to the adoption of the platform, DCE relied on California Community Choice Association's (CalCCA) advocacy efforts to help guide DCE on broad legislative issues impacting community choice aggregators. Although DCE staff still coordinates with CalCCA on statewide issues, the adoption of DCE's platform provides advocacy positions that are tailored to the unique needs and priorities of DCE and its customers. Through adoptions of the platform, DCE staff can effectively and efficiently engage on legislative matters that may impact the operations of DCE.

DCE's platform is established by a set of guiding principles which are key to the operations of DCE. These principles include decarbonization, local generation and procurement, community choice, grid capacity and resilience, access to clean energy, electric vehicles and charging, and education. By adopting positions under each of the set of guiding principles, DCE can elevate its advocacy efforts in Sacramento and more effectively respond to legislative matters that may support or hinder DCE's operations. For example, during the State's 2023 legislative session, AB 1373 by Assemblymember Eduardo Garcia aimed to establish a central procurement entity, expand the California Public Utilities Commission authority related to load-serving entities and their Integrated Resource Plans, and establish punitive measure related to Resource Adequacy deficiencies. When major policy changes are presented before the Legislature, adoption of a platform provides for the immediate engagement with policy makers and their staffs to represent DCE's positions on key energy policy matters. AB 1373 was a major energy policy and was ultimately signed into law by the Governor.

**Fiscal Analysis:** The drafting of the legislative platform and proposed changes are covered by DCE staff time.

#### **Attachments:**

1. DCE's 2024 Legislative Platform

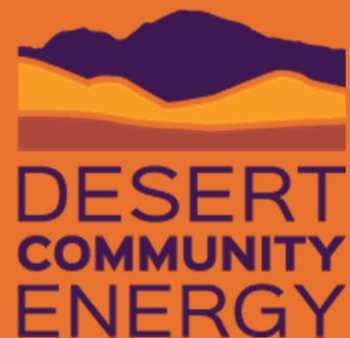
# Desert Community Energy

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2023-24  
Legislative Platform

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Adopted: November 20-~~February 6~~, 2023



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# Desert Community Energy

**Desert Community Energy (DCE)** is a not-for-profit, publicly managed Community Choice Aggregator (CCA) currently providing power to residential, commercial, industrial and municipal customers in the City of Palm Springs, with the City of Palm Desert also being a member. DCE gives customers the option to buy cleaner, greener electricity at competitive prices while improving air quality and helping cities achieve their climate goals. DCE is governed by a Board of Directors from participating cities who set rates and determine where clean energy is sourced, allowing local elected officials to make decisions that affect ratepayers. DCE also has a Community Advisory Committee, composed of community members from participating cities, to advise the Board on programs, policy, and outreach.

The purpose of this document is to identify principles consistent with DCE's mission to guide advocacy efforts relating to legislative and regulatory matters at the state and federal levels. These principles will empower DCE staff to quickly and efficiently respond to opportunities for advocacy as they relate to CCAs, the development and procurement of carbon-free energy, and the expansion of clean energy technology. These actions may include, but are not limited to, signing on to letters and petitions, supporting legislation and ballot initiatives, taking positions on potential regulatory changes, and pursuing grant opportunities. This document will assist in facilitating the development of a strategic plan of action that advances DCE's objectives, addresses the needs of its customers, and promotes the expansion of clean energy production and procurement throughout DCE's territory and nearby areas.

## **DCE Members:**

**City of Palm Desert**

**City of Palm Springs**

## **Desert Community Energy**

73-710 Fred Waring Drive

Suite 200

Palm Desert, CA 92260

Tel: 855-357-9240

[www.cvag.org](http://www.cvag.org)



## Guiding Principles



### Decarbonization

Support initiatives that provide funding and incentives for clean energy, energy efficiency, decarbonization and green building programs.



### Local Generation and Procurement

Support initiatives that would enhance the ability of DCE and other CCAs to invest in local and regional renewable energy resources.




### Community Choice

Support initiatives that maintain or improve the stability of CCAs by implementing an equitable regulatory structure.



### Grid Capacity & Resilience

Support initiatives that increase grid capacity and strengthen its resilience during high demand.



### Access to Clean Energy

Support initiatives that increase access to affordable and clean energy technology for all households.



### Electric Vehicles & Charging

Support initiatives that expand the adoption of electric vehicles and increase the deployment of electric vehicle charging infrastructure.



### Education

Support initiatives that develop workforce training programs and educate the public on energy efficiency principles.

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### Decarbonization

- Support legislation, policies, programs and initiatives that provide funding and incentives for clean energy, energy efficiency, decarbonization and green building programs.
- Support legislation, policies, programs and initiatives that contribute to the State's efforts to reduce the emission of greenhouse gases.
- Oppose legislation, policies, or regulatory efforts that would undermine the State's ambitious climate goals.
- Oppose legislation, policies, or regulatory efforts that would detrimentally impact DCE's ability to support or procure green energy for its customers.

### Local Generation, ~~and~~ Procurement, and Affordability

- Support legislation, policies, programs and initiatives that would enhance the ability of DCE and other CCAs to invest in local and regional renewable energy resources.
- Support legislation, policies, programs and initiatives that encourage and/or incentivize the development of distributed energy resources in the region.
- Support legislation, policies, programs and initiatives that encourage renewable energy generation, sustainably sourced battery storage, and/or a combination of generation plus storage.
- Support legislation, policies, programs, and initiatives that encourage community renewable energy projects to increase access to renewable energy generation for all communities.
- Oppose legislation, policies, or regulatory efforts that would discourage and/or disincentivize the development of distributed energy resources in the region.
- Oppose legislation, policies, or regulatory efforts that would hinder DCE's ability to procure locally sourced clean energy.
- Support policies and programs that increase access to energy affordability and decrease disconnections, especially for low- and middle-income customers.

### Community Choice

- Support legislation, policies, and funding that would maintain or improve the stability of CCAs by implementing an equitable regulatory structure that preserves local decision-making authority, such as setting rates and energy procurement.
- Oppose legislation, policies, and regulatory efforts that would weaken the ability of CCAs to achieve their missions and serve the communities in which they operate.

### Increase Grid Capacity and Resilience

- Support legislation, policies, and funding to expand the deployment of renewable energy storage to stabilize the grid during periods of excessive energy consumption.
- Support necessary infrastructure upgrades to enhance grid capacity and resilience.



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- Support legislation, policies, funding and incentives to improve load management and load reduction as the preferred method of demand response to protect grid reliability and reduce the necessity and frequency of rolling outages.
  - Support policies that contribute to long-term grid resiliency, rather than reliance upon short-term solutions, such as Public Safety Power Shutoff events.
  - Promote efficient communication and dissemination of information to DCE customers as it relates to potential power shutoffs during periods of high grid-wide power consumption.
  - Support and incentivize legislation, policies, programs, and initiatives that encourage the development of microgrids for important and essential facilities that may remain operational in the event of a power outage.

#### **Expand Access to Clean Energy Technology**

- Support legislation, policies, funding and incentives to improve accessibility to clean building energy technology and appliances (e.g., heat pumps, induction cooktops, electric clothes dryers, etc.) for all households.
- Support policies, programs and funding that expand access for rooftop solar and battery storage for all households.
- Oppose legislation, policies, and regulatory efforts related to Net Energy Metering (NEM) that would disincentivize the adoption of rooftop solar and/or battery storage.
- Oppose legislation, policies, and regulatory efforts that would make clean energy technology, including rooftop solar and/or battery storage, less affordable and accessible.

#### **Electric Vehicles (EVs) and EV Charging Infrastructure**

- Support policies, programs, and funding for EV charging infrastructure and increased use of EVs in the region.
- Support policies, programs, and funding that promotes the adoption of EVs and the deployment of EV charging infrastructure in underserved communities.
- Oppose legislation, policies, and initiatives that would negatively impact the affordability and accessibility of EVs.

#### **Support Education Initiatives regarding Clean Energy and Energy Efficiency Measures:**

- Support policies, programs, initiatives, and funding relating to workforce training in the energy efficiency and renewable energy space.
- Support policies, programs, initiatives, and funding relating to energy education centers in an effort to educate the community at large on energy efficiency measure

## **ITEM 7B**

### **Desert Community Energy Board November 20, 2023**



#### **STAFF REPORT**

**Subject:** DCE's Audit for Fiscal Year 2022/23 and Related Reports

**Contact:** Claude T. Kilgore, Director of Finance/ Administration ([ckilgore@cvag.org](mailto:ckilgore@cvag.org))

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**Recommendation:** Receive and file the Audited Financial Statements for the year ended June 30, 2023, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance

**Background:** DCE has engaged the Coachella Valley Association of Governments (CVAG) to provide staffing and other administrative tasks since its inception. CVAG's Financial Statements Audit Procurement Policy, adopted on June 3, 2002, requires CVAG to obtain from qualified auditing firms, proposals to perform CVAG's annual financial audit every five years. In June 2021, CVAG hired the audit firm of Davis Farr LLP – a firm with an impressive history of professional work in the Coachella Valley – for engagement as the independent auditor for CVAG, DCE and the Coachella Valley Conservation Commission (CVCC). The contract is for five fiscal years starting with Fiscal Year 2020/21. Presented with this staff report is the third year-end audit by Davis Farr.

Davis Farr LLP performed the annual audit over DCE's Basic Financial Statements as of June 30, 2023, and for the fiscal year then ended which include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and Notes to the Basic Financial Statements. Davis Farr issued an Unmodified Opinion, which means that DCE's Basic Financial Statements present fairly, in all material respects, the respective financial position of DCE as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with US Generally Accepted Accounting Principles (GAAP).

In accordance with Government Auditing Standards, Davis Farr also issued a report on their consideration of DCE's internal control over financial reporting and their tests of DCE's compliance with certain provisions of laws, regulations, contracts, and grant agreements as well as other matters; Davis Farr was not engaged to provide an opinion on internal control over financial reporting or on compliance. During its testing, Davis Farr did not identify any material weaknesses or significant deficiencies in internal controls. Finally, Davis Farr has provided a letter to the DCE Board of Directors outlining Significant Audit Findings as promulgated by AU-C Section 260, "The Auditor's Communication with Those Charged With Governance."

Staff would note that Fiscal Year 2022/23 marked a significant turning point for DCE as it was able to accumulate necessary reserve levels to temper cash flow variability and did not have an outstanding balance on the River City Bank (RCB) line of credit since February 2023. This is evident in the year-over-year growth in DCE's Net Position, which added over \$14 million in reserves and increased nearly three-fold from June 30, 2022.

DCE staff appreciated working with, and would like to thank, the Davis Farr team, which was again led by Partner Shannon Ayala, for their diligence and hard work in issuing the reports and

findings. A member of the Davis Farr team will present the reports and be available to address any Board questions or comments.

**Fiscal Analysis:** The professional fees associated with the audit were previously budgeted and there is no additional financial impact.

**Attachments:**

1. DCE's Audited Financial Statements for the year ended June 30, 2023
2. Report on Internal Controls over Financial Reporting
3. Auditor's Communication with Those Charged with Governance

**DESERT COMMUNITY ENERGY**  
**Financial Statements**  
**Year ended June 30, 2023**  
**(With Independent Auditor's Report Thereon)**

**DESERT COMMUNITY ENERGY**

**Financial Statements**

**Year ended June 30, 2023**

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Statement of Revenues, Expenses and Changes in Net Position	15
Statement of Cash Flows	16
Notes to the Basic Financial Statements	18

## **Independent Auditor's Report**

To the Board of Directors  
Desert Community Energy  
Palm Desert, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of Desert Community Energy ("DCE"), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise DCE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of DCE as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

DCE's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DCE's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DCE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Report on Summarized Comparative Information***

We have previously audited DCE's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023 on our consideration of DCE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DCE's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California  
October 20, 2023



**DESERT COMMUNITY ENERGY  
MANAGEMENT DISCUSSION & ANALYSIS  
YEAR ENDED JUNE 30, 2023**

The following is a discussion and analysis of Desert Community Energy (DCE) financial performance and includes an overview of DCE's financial activities for fiscal year ended June 30, 2023, with comparative information from the fiscal year ended June 30, 2022. Please read this discussion and analysis in conjunction with the financial statements, including the notes to the financial statements identified in the accompanying tables.

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The annual report consists of the following parts:

- Management's discussion and analysis (this section)
- Basic financial statements:
  - The *Statements of Net Position* include all DCE's assets, liabilities, and net position and provide information about the nature and amount of resources and obligations at a specific point in time.
  - The *Statements of Revenues, Expenses, and Changes in Net Position* report all DCE's revenue and expenses for the year shown.
  - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as non-capital financing activities.
  - The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

**DESERT COMMUNITY ENERGY  
MANAGEMENT DISCUSSION & ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**BACKGROUND**

The formation of DCE was made possible by the passage, in 2002, of California Assembly Bill 117, enabling communities and counties to establish Community Choice Aggregation programs, to purchase power on behalf of their local residents and businesses, creating competition in power generation.

DCE was created as a California Joint Powers Authority in October 2017, for the purpose of implementing and administering a Community Choice Aggregation (CCA) program. DCE membership currently includes the cities of Palm Springs and Palm Desert, located within the geographic boundaries of Riverside County, and is certified by the California Public Utilities Commission (CPUC). DCE is governed by an appointed board of directors (Board), comprised of one elected representative from each participating member agency. The DCE Board authority includes the ability to set rates for the services it furnishes, to incur indebtedness, and to issue bonds or other obligations. DCE acquires electricity from wholesale and commercial suppliers and delivers it by way of existing physical local distribution infrastructure and equipment owned and managed by Southern California Edison (SCE), and high voltage transmission system overseen by the California Independent System Operator (CAISO) and the Federal Energy Regulatory Commission (FERC). DCE offers ratepayers a choice in retail electricity providers and the type of electricity they use.

As a CCA, DCE contracts for, buys and/or develops power resources on behalf of electricity customers in its jurisdiction to achieve its objective of offering cleaner, competitively priced electricity while retaining local control, reinvesting revenues, encouraging local job creation, offering more renewable energy options, and reducing greenhouse gas (GHG) emissions.

The parties to DCE's Joint Powers Agreement consist of local governments whose governing bodies elect to join DCE. Pursuant to the Public Utilities Code, residential, commercial, and municipal electricity customers will be automatically enrolled in DCE and become default customers of DCE for electric generation when a CCA program launches in their city. Customers served under California's Direct Access Program are not included in automatic enrollment. According to state law, DCE must give customers the option to "opt out" and remain bundled customers of Southern California Edison.

In April 2020, DCE began serving approximately 5,317 municipal and commercial accounts and 30,074 residential customer accounts in Palm Springs. In May 2020, DCE enrolled approximately 3,778 additional residential customer accounts and 150 additional municipal and commercial customer accounts in Palm Springs. By June 2023, DCE served approximately 4,500 non-residential accounts and 28,800 residential customer accounts, for a total of approximately 33,300 Palm Springs' accounts. The City of Palm Desert has not yet determined its launch plans; based on current CPUC regulations, the next soonest opportunity for Palm Desert to begin serving CCA customers is 2027.

DCE offers its customers two electricity products to choose from: 1) Carbon Free, which provides 100% carbon free and approximately 40% renewable electricity; and 2) Desert Saver, a basic product that fully complies with California's Renewable Portfolio Standard. DCE's premium Carbon Free product is priced at a premium above SCE's base bundled product and DCE's Desert Saver is priced at a discount to SCE's base bundled product. DCE's Desert Saver product is the least cost retail electricity option for Palm Springs' customers.

**DESERT COMMUNITY ENERGY  
MANAGEMENT DISCUSSION & ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**FINANCIAL REPORTING**

DCE presents its financial statements as a governmental enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for enterprise funds, as prescribed by the Governmental Accounting Standards Board (GASB).

**FINANCIAL HIGHLIGHTS**

The following table summarizes DCE's assets, liabilities, and net position and provides a discussion of significant changes for the two fiscal years ending June 30<sup>th</sup>.

**Net Position**

Statements of Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Dollar Change</u>
Current Assets	\$ 25,468,946	\$ 14,170,725	\$ 11,298,221
Non-Current Assets	310,584	-	-
Total Assets	<u>25,779,530</u>	<u>14,170,725</u>	<u>11,608,805</u>
Current Liabilities	6,060,156	7,099,338	(1,039,182)
Non-Current Liabilities	405,000	2,200,000	(1,795,000)
Total Liabilities	<u>6,465,156</u>	<u>9,299,338</u>	<u>(2,834,182)</u>
Restricted Net Position	147,000	147,000	-
Unrestricted Net Position	19,167,374	4,724,387	14,442,987
Total Net Position	<u>\$ 19,314,374</u>	<u>\$ 4,871,387</u>	<u>\$ 14,442,987</u>

**DESERT COMMUNITY ENERGY  
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YEAR ENDED JUNE 30, 2023**

**Current Assets**

Current Assets were \$25,468,946 at the end of June 30, 2023, and mostly comprised of accounts receivable (net), cash and cash equivalents, including restricted cash, accrued revenue, prepaid expenses and deposits. Accrued revenue differs from accounts receivable in that it includes electricity used by DCE customers before invoicing to those customers has occurred. The total of current assets increased in 2023 because DCE experienced revenue growth during its third full year of operations primarily associated with increased prices of its power products which resulted in an increase in accounts receivable, net as well cash and investments on hand at fiscal year-end.

At the end of June 30, 2023, and June 30, 2022, DCE presented the following balances in its current asset accounts:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Dollar Change</u>
Cash and Investments	\$ 8,805,855	\$ 1,970,935	\$ 6,834,920
Restricted Cash	147,000	1,827,000	(1,680,000)
Accounts Receivables	16,405,499	10,240,775	6,164,724
Accrued Revenue	<u>110,592</u>	<u>132,015</u>	<u>(21,423)</u>
Total Current Assets	<u><u>\$ 25,468,946</u></u>	<u><u>\$ 14,170,725</u></u>	<u><u>\$ 11,298,221</u></u>

**Non-Current Assets**

Deposits increased by \$310,584 from 2022 to 2023 due to collateral requirements of a long-term agreement to purchase Resource Adequacy that DCE entered in September 2022.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Dollar Change</u>
Deposit	<u>\$ 310,584</u>	<u>\$ -</u>	<u>\$ 310,584</u>
Total Non-Current Liabilities	<u><u>\$ 310,584</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 310,584</u></u>

**DESERT COMMUNITY ENERGY**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**YEAR ENDED JUNE 30, 2023**

**Current Liabilities**

Current liabilities primarily consist of the cost of wholesale electricity supply delivered to customers for which such supply charges are not yet due and payable per invoice terms. Other components include trade accounts payable, taxes, surcharges, and amounts due to other vendors, consultants, and business services providers. At the end of June 30, 2023, and June 30, 2022, DCE presented the following balances in its current liability accounts:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Dollar Change</u>
Accounts Payable	\$ 455,160	\$ 384,035	\$ 71,125
Accrued Electricity Cost	4,991,570	4,278,232	713,338
Deposit Payable	-	1,680,000	(1,680,000)
Utility User Taxes and Electric Energy Surcharges due to other governments	440,545	433,054	7,491
Related party-due to other governments	<u>172,881</u>	<u>324,017</u>	<u>(151,136)</u>
Total Current Liabilities	<u><u>\$ 6,060,156</u></u>	<u><u>\$ 7,099,338</u></u>	<u><u>\$ (1,039,182)</u></u>

Current liabilities decreased year-over-year mainly due to the refund of a development security deposit as part of a power purchase agreement.

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YEAR ENDED JUNE 30, 2023**

**Non-Current Liabilities**

In the year ending in 2023, non-current liabilities consist of deposits held by DCE from developers of power under long-term agreements. In the prior year, it consisted of funds payable on a revolving line of credit agreement terminating in Feb 2025.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Dollar Change</u>
Loans Payable - Long Term	\$ -	\$ 2,200,000	\$ (2,200,000)
Deposit Payable	<u>405,000</u>	<u>-</u>	<u>405,000</u>
Total Non-Current Liabilities	<u>\$ 405,000</u>	<u>\$ 2,200,000</u>	<u>\$ (1,795,000)</u>

The major cause of decrease in Non-Current Liabilities was an improved position of liquidity for DCE at June 30, 2023 in which it did not have an outstanding balance on its revolving line of credit.

**Revenues, Expenses and Changes in Net Position**

Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Dollar Change</u>
Operating Revenues	\$ 58,209,451	\$ 44,831,088	\$ 13,378,363
Non-Operating Revenues	<u>5,126,219</u>	<u>4,103</u>	<u>5,122,116</u>
Total Revenues	<u>63,335,670</u>	<u>44,835,191</u>	<u>18,500,479</u>
Operating Expenses	48,846,028	45,114,848	3,731,180
Non-Operating Expenses	<u>46,655</u>	<u>123,816</u>	<u>(77,161)</u>
Total Expenses	<u>48,892,683</u>	<u>45,238,664</u>	<u>3,654,019</u>
Changes in Net Position	<u>\$ 14,442,987</u>	<u>\$ (403,473)</u>	<u>\$ 14,846,460</u>

Operating revenues amounted to approximately \$58,209,451 in FY 2022-2023, mostly comprised of retail electricity sold by DCE during the period July 1, 2022, to June 30, 2023, to its customer base of approximately 33,350 accounts (municipal, residential and commercial) as well as revenues resulting from wholesale transactions in the CAISO markets and power sales to other power entities. Non-operating revenues include interest income and other revenue received through the termination of a power purchase agreement.

**Operating Expenses**

Operating Expenses amounted to approximately \$48,846,028 in FY 2022-2023 and primarily includes the cost of wholesale energy supply utilized to serve DCE customers. Power market price conditions to serve current load and to hedge for future out-year load continued their increase from the prior year.

**DESERT COMMUNITY ENERGY  
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Operating expenses also include costs paid to consultants and other vendors as well as general and administrative expenses to maintain staffing and business operations. Non-operating expenses include debt service costs, which decreased from the prior year as, although borrowing costs have increased, DCE was able to maintain sufficient unadjusted liquidity to provide for its working capital needs and did not have to draw on the credit agreement with River City Bank for the latter third of the fiscal year.

**ECONOMIC OUTLOOK**

DCE currently has enrolled approximately 28,800 residential customer accounts and 4,500 municipal and commercial accounts. Of these, approximately 5,421 residential and 115 municipal and commercial customer accounts have installed rooftop solar and are included in DCE's Net Energy Metering program.

At the end of June 30, 2023, DCE had an eligible customer participation rate of 84%, which tracks DCE's enrollment expectations when DCE was first launched. DCE's 100% Carbon Free default electricity product serves approximately 73% of its customer base.

DCE, along with other California load-serving entities including CCAs and Investor-Owned Utilities, is required by SB 350 (de Leon, 2015, the "Clean Energy and Pollution Reduction Act") to procure at least 65% of its required Renewable Portfolio Standard (RPS) energy under long-term contracts starting with California's fourth RPS compliance period (2021-2024). In May 2020, DCE launched its first Request for Offers in order to meet these compliance objectives and secured added firm renewable energy supply for DCE's customers.

Following a competitive bid process, in December 2020, the DCE Board approved long-term power purchase agreements (PPA) for three wind energy projects located in DCE's Palm Springs' service area. As a result, DCE is providing carbon free electricity from local renewable sources, expanding local jobs, and community investment. These fixed price long-term contracts for DCE's renewable portfolio are expected to help stabilize and reduce DCE's overall program costs. This easing of power market supply cost pressure over both the near-term and longer-term is due to the relatively favorable cost of these PPAs versus purchasing the same amounts of energy, capacity, and other renewable energy products on the open market.

On September 28, 2022, DCE executed a contract with Cape Generating Station 1 LLC, a subsidiary of Fervo Energy, for a geothermal project located in Beaver County, Utah. DCE's pro rata share of the project is 3 megawatts (MW) of the 20 MW average net capacity over a 15-year period, with an expected commercial operation date of June 1, 2026. Subsequent to June 30, 2023, DCE executed an Energy Storage Agreement with Desert Sands Energy Storage II, LLC, a subsidiary of NextEra Energy Resources. The project is a 25 MW / 200 MW hour lithium-ion battery storage facility that is part of a larger 700 MW energy complex located largely within the Palm Springs City limits. These projects will lock in and stabilize costs for a significant portion of DCE's portfolio, providing increased rate certainty and predictability for DCE customers.

In April 2021, DCE entered into a \$2,000,000 credit agreement with River City Bank. This line of credit was not intended to provide long-term financing and terminated on December 31, 2021. On February 11, 2022, DCE entered into a revolving line of credit agreement in the amount of \$8,000,000 with River City Bank. The line of credit accrues interest at a rate of three-month treasury constant maturity rate plus 1.75 percent and terminates February 1, 2025. The credit agreement provides DCE with the liquidity necessary to maintain short-term working-capital needs. As of July 8, 2022, DCE amended its Credit Agreement so that the Revolving Credit Commitment was increased from \$8,000,000 to \$13,000,000. All working-capital advances are subject to a sublimit of \$8,000,000. DCE is a relatively new CCA and

**DESERT COMMUNITY ENERGY  
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YEAR ENDED JUNE 30, 2023**

is in the process of building financial reserves to augment its financial stability on its path to investment grade credit quality. Cash flow fluctuations are not uncommon for retail electricity service providers like DCE and are largely a result of timing differences between when it receives its retail revenues and when it must pay for energy supply, resource adequacy compliance, and other operating expenses. In short, revenues typically lag expenses by as much as two months. These cash flow fluctuations are generally managed by utilizing operating reserves that accumulate over time. Fiscal Year 2022-2023 marked a significant turning point for DCE as it was able to accumulate necessary reserve levels to temper cash flow variability and did not have an outstanding balance on the River City Bank Revolving Credit Commitment since February 2023. DCE is currently projecting accumulating a 180-day operating reserve objective on or around the end of Fiscal Year 2023-2024.

The 2010 through 2019 period prior to DCE's launch was characterized by both relatively low annual price escalation and equally low market volatility. Average year over year wholesale prices increased below 1% annually throughout this period. During DCE's initial 2020 start-up period DCE relied fully on wholesale power purchases and CAISO markets to serve its retail loads and to attain its RPS and carbon free energy components. From early 2020 through June 30, 2023, wholesale power prices have been increasing annually with periods of extreme price volatility, especially during summer heat-storm events and supply curtailments. DCE's business strategies to help mitigate these pressures and uncertainties include contracting for longer-term renewable and carbon free supply at fixed prices, attaining a 180-day operating reserve by its sixth full year of operations, coordinating with other CCAs to address CPUC and SCE regulatory activities, and adjusting rate and revenue levels to timely and fully recover all operating costs.

Notably, DCE launched operations in April 2020 during the Covid-19 pandemic which impacted its operations in several ways. With more residential customers working from home, DCE experienced increased residential load. The Covid-19 pandemic also prompted the CPUC to enact a customer disconnect moratorium affecting DCE's planned collections process on past-due accounts. In late 2021, DCE applied for the California Arrearage Payment Program (CAPP) funding which is a statewide program to reduce or eliminate past due energy bills for qualified energy utility customers economically impacted by the COVID-19 pandemic. In the prior fiscal year-ended June 30, 2022, DCE customers received CAPP Benefits in the amount of \$609,655 applied to eligible accounts as bill credits. For the year-ended June 30, 2023, DCE customers received CAPP benefits as part of the 2022 California Arrearage Payment Program (2022 CAPP) funding in the amount of \$457,546 which were also issued to customers as bill credits. DCE's launch during the Covid-19 pandemic has historically presented obstacles in collecting on accounts receivable given the disconnect moratorium that was only lifted during DCE's third full year of operations which ended June 30, 2023; however, since the moratorium was lifted and DCE/SCE bundled customer collection process has been reinstated, DCE has seen an overall decrease in the aging of outstanding receivables. In addition, the DCE Board approved a June 2023 restatement of the Delinquent Account, Bad Debt, and Collections Policy which allows various methods to enhance upon DCE delinquent customer collections.

Consistent with DCE's goals to invest in the local community and promote local jobs, the DCE Board has directed staff to evaluate potential energy programs that would benefit customers and help lower energy consumption. Programs to expand the use of distributed energy resources including rooftop solar and battery storage as well as promoting energy efficiency are being considered. Such programs would be designed to support and benefit the community, while maintaining competitive rates and meeting DCE's environmental goals.



**DESERT COMMUNITY ENERGY  
MANAGEMENT DISCUSSION & ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**CONTACTING DCE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide customers, business counterparties, resource providers and other interested entities with a general overview of DCE's business finances and accountability. If you have questions about this report or need additional financial information, contact DCE's office administered by the Coachella Valley Association of Governments, attention Director of Finance/Administration, at 74-199 El Paseo Suite 100, Palm Desert, CA 92260.

## **BASIC FINANCIAL STATEMENTS**

**Desert Community Energy**  
**Statement of Net Position**  
**June 30, 2023**  
**(With prior year comparative totals)**

	<u>2023</u>	<u>2022</u>
Assets:		
Current Assets:		
Cash (note 2)	\$ 8,805,855	\$ 1,970,935
Restricted cash (note 2)	147,000	1,827,000
Accounts receivable, net (note 3)	16,405,499	10,240,775
Prepays	<u>110,592</u>	<u>132,015</u>
Total Current Assets	<u>25,468,946</u>	<u>14,170,725</u>
Non-current Assets:		
Deposits	<u>310,584</u>	-
Total Non-current Assets	<u>310,584</u>	-
Total Assets	<u><u>\$ 25,779,530</u></u>	<u><u>\$ 14,170,725</u></u>
Liabilities:		
Current Liabilities:		
Accounts payable (note 4)	\$ 5,446,730	\$ 4,662,266
Deposits payable	-	1,680,000
Due to other governments (note 5)	<u>613,426</u>	<u>757,072</u>
Total Current Liabilities	<u>6,060,156</u>	<u>7,099,338</u>
Non-current Liabilities:		
Deposits payable	405,000	-
Revolving line of credit (note 6)	<u>-</u>	<u>2,200,000</u>
Total Non-current Liabilities	<u>405,000</u>	<u>2,200,000</u>
Total Liabilities	<u>6,465,156</u>	<u>9,299,338</u>
Net Position:		
Restricted	147,000	147,000
Unrestricted	<u>19,167,374</u>	<u>4,724,387</u>
Total Net Position	<u><u>\$ 19,314,374</u></u>	<u><u>\$ 4,871,387</u></u>

See accompanying notes to financial statements.

**Desert Community Energy**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year ended June 30, 2023**  
**(With prior year comparative totals)**

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Electricity sales	\$ 57,748,777	\$ 42,866,582
Miscellaneous	<u>460,674</u>	<u>1,964,506</u>
Total operating revenues	<u>58,209,451</u>	<u>44,831,088</u>
Operating Expenses:		
Electricity cost	45,963,031	42,404,994
Consultants charges	2,443,873	2,358,011
Administration and general	162,500	195,408
Professional services	<u>276,624</u>	<u>156,435</u>
Total operating expenses	<u>48,846,028</u>	<u>45,114,848</u>
Operating income (loss)	<u>9,363,423</u>	<u>(283,760)</u>
Nonoperating Revenues (Expenses):		
Interest revenue	30,179	4,103
Interest expense	(46,655)	(123,816)
Other nonoperating	<u>5,096,040</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>5,079,564</u>	<u>(119,713)</u>
Change in net position	14,442,987	(403,473)
Net Position - beginning	<u>4,871,387</u>	<u>5,274,860</u>
Net Position - ending	<u>\$ 19,314,374</u>	<u>\$ 4,871,387</u>

See accompanying notes to financial statements.

**Desert Community Energy**  
**Statement of Cash Flows**  
**Year ended June 30, 2023**  
**(With prior year comparative totals)**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 52,044,727	\$ 42,257,760
Cash received from others	5,096,040	-
Cash paid to suppliers for goods and services	<u>(49,769,371)</u>	<u>(44,252,010)</u>
Net cash (used for) operating Activities	<u>7,371,396</u>	<u>(1,994,250)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from line of credit	-	2,200,000
Payments to line of credit	(2,200,000)	(1,500,000)
Interest expense	<u>(46,655)</u>	<u>(123,816)</u>
Net Cash Provided by noncapital financing activities	<u>(2,246,655)</u>	<u>576,184</u>
Cash Flows from Investing Activities:		
Investment income	<u>30,179</u>	<u>4,103</u>
Net cash provided by investing activities	<u>30,179</u>	<u>4,103</u>
Net increase in cash and cash equivalents	5,154,920	(1,413,963)
Cash and Cash Equivalents, beginning of year	3,797,935	5,211,898
Cash and Cash Equivalents, end of year	<u>\$ 8,952,855</u>	<u>\$ 3,797,935</u>
Reconciliation of Operating Income to Net Cash (Used for) Operating Activities:		
Operating income (loss)	\$ 9,363,423	\$ (283,760)
Adjustments to reconcile operating income (loss) to net cash (used for) operating activities)		
Other revenues	5,096,040	-
Decrease (increase) in accounts receivable	(6,164,724)	(2,573,328)
Decrease (increase) in deposits	(310,584)	-
Decrease (increase) in prepaids	21,423	(132,015)
Increase (decrease) in accounts payable	784,464	1,288,923
Increase (decrease) in deposits payable	(1,275,000)	(165,000)
Increase (decrease) in due to other governments	<u>(143,646)</u>	<u>(129,070)</u>
Total adjustments	<u>(1,992,027)</u>	<u>(1,710,490)</u>
Net cash (used for) operating activities	<u>\$ 7,371,396</u>	<u>\$ (1,994,250)</u>

There were no significant noncash financing, capital, or investing activities.

See accompanying notes to financial statements.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2023**

**(1) Summary of Significant Accounting Policies**

**(a) Description of Reporting Entity**

Desert Community Energy (DCE) is a public joint powers agency located within the geographic boundaries of Riverside County, formed in October 2017 for the purpose of implementing and administering a Community Choice Aggregation (CCA) program. DCE was formed by the cities of Palm Springs, Palm Desert and Cathedral City and is certified by the California Public Utilities Commission. Community Choice Aggregation is a local energy program established by state law that allows cities and counties to pool (or aggregate) the electricity demand of participating communities. DCE buys and/or develops power resources on behalf of the electricity customers in its jurisdiction to offer cleaner, competitively priced electricity while retaining local control, reinvesting revenues, encouraging local job creation, offering more renewable energy options, and reducing greenhouse gas (GHG) emissions. DCE offers ratepayers a choice in electricity providers and in the type of electricity they use. DCE began serving customers in Palm Springs in April 2020 while Palm Desert plans to launch no sooner than 2027. Per Resolution number 2020-09, Cathedral City has withdrawn from DCE effective July 1, 2021. DCE is governed by a Board of Directors comprised of one local elected representative from each of the participating city councils. The Board schedules regular meetings that are open to the public, ensuring transparency and encouraging community involvement. Formation of a CCA through a JPA does not require contributions from participating member agencies. The assets and liabilities of the CCA program remain separate from those of the participating agencies' general fund.

**(b) Basic Financial Statements**

The basic financial statements (i.e. Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows) report information on all the enterprise activities of the entity.

**(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements are presented using the full accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the entity are sales of electricity. Operating expenses include the cost of electricity purchases, consultants' costs and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of the DCE's basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures of contingent amounts at the date of the basic financial statements, and revenues and expenses during the reported period. Actual results could differ from those estimates.

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2023**

**(1) Summary of Significant Accounting Policies (Continued)**

(d) Assets, Liabilities and Net Position

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. The entity maintains a checking account and money market account which is considered a cash equivalent.

Net Position

Net position is an indicator of the DCE's financial position. For the fiscal year ended June 30, 2023, net position of the DCE was \$19,314,374. For the year ended June 30, 2023, DCE reported net position classifications are defined as follows:

- *Investment in capital assets* – This component of net position consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. DCE did not have any capital assets at June 30, 2023.
- *Restricted* – This component of net position consists of resources with external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. DCE had a restricted net position of \$147,000 at June 30, 2023.
- *Unrestricted net position* – This component of net position consists of net position that do not meet the definition of "restricted" or "investment in capital assets." When both restricted and unrestricted resources are available for use, it is DCE's policy to use restricted resources first.

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(f) Revenue Recognition

DCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.



**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2023**

**(1) Summary of Significant Accounting Policies (Continued)**

(g) Income Taxes

DCE is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

(h) Utility Users Taxes and Electric Energy Surcharges Due to Other Governments

DCE is required by governmental authorities (state and local) to collect and remit user taxes on certain customer sales. These taxes do not represent revenues or expenses to DCE.

(i) Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with DCE's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

**(2) Cash and Cash Equivalents**

Cash and cash equivalents of the entity consisted of demand deposits with financial institutions. At June 30, 2023, the carrying amount of DCE's cash accounts was \$8,952,855 of which \$147,000 was restricted.

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2023**

**(3) Accounts Receivable**

At June 30, 2023, DCE reported \$16,405,499 in accounts receivable, net of the allowance for uncollectible accounts. The details of this balance are as follows:

Accounts receivable	\$ 19,522,287
Less: allowance for uncollectible accounts	<u>(3,116,788)</u>
Total Accounts Receivable	<u>\$ 16,405,499</u>

**(4) Accounts Payable**

At June 30, 2023, DCE reported \$5,446,730 in accounts payable. The details of this balance are as follows:

Accounts payable	\$ 455,160
Accrued electricity cost	<u>4,991,570</u>
Total Payables	<u>\$ 5,446,730</u>

**(5) Due to Other Governments**

At June 30, 2023, DCE reported \$613,426 in Due to Other Governments. The details of this balance are as follows:

Utility Users Taxes & Electric Energy Surcharges	\$ 440,545
Related Party Payables (Note 7)	<u>172,881</u>
Total Due to Other Governments	<u>\$ 613,426</u>

**(6) Line of Credit**

**Revolving Line of Credit**

On February 11, 2022, DCE entered into a revolving line of credit agreement for the amount of \$8,000,000 with River City Bank. The revolving line of credit was amended in July 2022 to increase the amount to \$13,000,000. The line of credit accrues interest at a rate of three-month treasury constant maturity rate plus 1.75 percent and terminates February 1, 2025. Subject to satisfaction of the terms, DCE may exercise a one-time option to convert all outstanding Working Capital Advances to a Term Loan.

If the Term Loan Conditions are satisfied, the Term Loan will be payable over a term of thirty-six (36) months, with equal fully amortizing monthly payments of principal and interest at the Applicable Rate as determined by Lender as of the date of conversion, and will be governed by the terms and conditions of this Agreement and evidenced by a separate promissory note.

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2023**

**(6) Line of Credit (Continued)**

Additionally, as security for the prompt payment and performances of all obligations, DCE has granted River City Bank with a continuing security interest as collateral per the terms on the agreement. On June 30, 2023, there was no outstanding balance.

**(7) Related Party Transactions**

DCE entered into a contract with Coachella Valley Association of Governments (CVAG), whereby CVAG, under the direction of the DCE, will coordinate and implement the DCE activities. The contract calls for DCE to pay CVAG based upon actual staff time spent at rates not to exceed the rates paid by CVAG. During the period from July 1, 2022 through June 30, 2023, CVAG incurred on behalf of DCE \$653,995 of staff time and allocated administrative expenses which was billed. As DCE recognizes expenses on the accrual basis, an additional \$4,216 of services has been estimated to have been provided but not yet billed. As of June 30, 2023, \$172,881 of the total amount billed was payable to CVAG.

**(8) Risk Management**

On May 21, 2018, DCE's Board adopted the Energy Risk Management Policy (ERMP). The ERMP establishes DCE's Energy Risk Program and applies to all power procurement and related business activities that may impact the risk profile of DCE.

The ERMP documents the framework by which DCE staff and consultants will identify and quantify risk, develop and execute procurement strategies, develop controls and oversight and monitor, and measure and report on the effectiveness of the ERMP. Risks covered by the ERMP include market price risk, credit risk, volumetric risk, operational risk, opt-out risk, legislative and regulatory risk, counterparty credit risk, and other risks arising from operating as a Community Choice Aggregation program and participating in California energy markets. DCE's ERMP can be found on its website.

To ensure successful operation of the CCA program, DCE has partnered with experienced consultants to provide energy-related services. Specific to power procurement, DCE has partnered with The Energy Authority (TEA) which executes the preponderance of front-(transacting), middle-(monitoring) and back-office (settlement) related activities on DCE's behalf as discussed in the ERMP. In providing these services for DCE, TEA will adhere to and be governed by the ERMP. In addition, TEA maintains its own risk management policies and procedures, following industry practices of segregation of duties, which also govern activities executed on DCE's behalf.

Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, DCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties.

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2023**

**(9) Long-Term Energy Agreements**

During the normal course of business, DCE enters into various agreements, including renewable energy agreements, energy storage agreements (ESAs), and other power purchase agreements (PPAs) to purchase power and electric capacity. DCE's long-term energy agreements are described below.

*Terra-Gen, LLC*

On December 21, 2020, the DCE Board approved three, 15-year (PPAs) with Terra-Gen, LLC. Terra-Gen, LLC is a leading developer, owner, and operator of renewable energy projects that has been operating since 2008. Terra-Gen specializes in development, construction and operation of utility-scale wind, solar, energy storage as well as geothermal generation facilities.

Under the pricing terms in the agreement, DCE pays for the electricity generated by the projects at a fixed-price rate per MWh (megawatt hour), with no escalation for the full 15-year term of the contracts. All attributes from the facility, including energy, Renewable Energy Credits (RECs) and Resource Adequacy (RA) will be available to DCE. The contracts reflect pricing that is typical in the current market for new and existing wind resources. The completion of long-term contracts for DCE's renewable portfolio represents an expected reduction in overall program costs. This cost reduction is over both the short-term and long-term due to the relatively low cost of the expected PPAs for the projects compared to purchasing the same energy, capacity, and RECs on the open market. The 10.8 megawatt (MW) Coachella Hills II project achieved its Commercial Operation Date (COD) and entered DCE's portfolio on May 4, 2021. The existing 9.8 MW Altwind and 12.6 MW East Wind projects entered DCE's portfolio on January 1, 2023.

*Vesper Energy*

On February 25, 2021, the DCE Board approved a 20-year renewable PPA with Deer Creek Solar I, LLC (Deer Creek), an affiliate of Vesper Energy, for the Deer Creek Solar + Storage Project in Tulare County, California. The Deer Creek project consisted of a 50 MW solar component connected to a 50 MW/200 MWh battery storage component (i.e. a 50 MW battery that can discharge for four hours.)

On February 6, 2023, the DCE Board approved an amendment to the 20-year PPA for the project. The amendment extended the Guaranteed Construction Start Date and COD that were originally set out in the PPA. The amendment allowed DCE, in its sole discretion, to terminate the PPA upon 30 days written notice to Deer Creek if the project did not start construction as of the revised Guaranteed Construction Start Date for any reason.

On June 15, 2023, Vesper Energy informed DCE that the Deer Creek project would not meet the Guaranteed Construction Start Date of June 27, 2023, as set forth in the amendment. On June 29, 2023, DCE sent a termination notice to Vesper Energy pursuant to the right of termination set forth in the amendment.

**Desert Community Energy**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2023**

**(9) Power Purchase Agreements (Continued)**

*OhmConnect*

On June 29, 2022, the DCE Board approved a Western Systems Power Pool Resource Adequacy Confirmation with Resi Station LLC (Resi Station), a subsidiary of OhmConnect, for system RA benefits from an aggregated demand response project. DCE's pro rata share of the project is 4.5 MW of the 15 MW peak volume over a 10-year period that began January 1, 2023.

*Southern California Edison (SCE) – Voluntary Allocation Agreement*

In accordance with California Public Utilities Commission (CPUC) Decision 21-05-030, on June 29, 2022, the DCE Board approved staff's recommendation to request from SCE a 100 percent allocation of SCE's long-term renewable load share resources - 10 years or longer remaining on the contracts with allocations for the remainder of the term of the contract. DCE entered into a Voluntary Allocation Agreement with SCE as of July 26, 2022. Deliveries of this allocation began in January 2023 and will run through May 2040. DCE pays the annual Market Price Benchmark (MPB) for resources allocated through this process. The CPUC resets the MPB by October 1 each year.

*SCE – RA Confirmation*

On September 29, 2022, DCE executed a Master Agreement and RA Confirmation with SCE in accordance with CPUC Decision 22-05-015. This Decision allows DCE to purchase from SCE a share of the system or flexible RA capacity for loads that have migrated from SCE at the annual MPB. The RA delivery period began on January 1, 2023, and continues until September 30, 2041.

*Fervo Energy*

On September 28, 2022, DCE executed a contract with Cape Generating Station 1 LLC, a subsidiary of Fervo Energy (Fervo), for a geothermal project located in Beaver County, Utah. DCE's pro rata share of the project is MW of the 20 MW average net capacity over a 15-year period, with an expected COD of June 1, 2026.

Fervo's geothermal systems make use of horizontal drilling techniques coupled with Organic Rankine Cycle (ORC) generator systems to deliver zero-carbon, zero-emission electricity. ORC power plants are zero-carbon, zero-emission generators. Thermal energy is supplied at high temperature to the ORC by a heat transfer fluid consisting of geothermal brine. The ORC turbo generator then converts thermal energy from geothermal fluid into electric energy using a turbine coupled with an electric generator. ORC plants are fully dispatchable and flexible, with extremely fast ramping rates of up to 30 percent of nominal capacity per minute. The project will be eligible for certification under the California Renewables Portfolio Standard and inclusion in DCE's Carbon Free product generation portfolio.

Under the pricing terms in the PPA, DCE will pay for the energy generated by the project at a fixed-price rate per MWh (megawatt hour), with a 2 percent annual escalator after the first contract year. All attributes from the project, including energy, RECs, and RA, will be available to DCE.

**Desert Community Energy  
Notes to the Basic Financial Statements  
Year ended June 30, 2023**

**(9) Power Purchase Agreements (Continued)**

*NextEra Energy Resources*

Subsequent to June 30, 2023, DCE executed an ESA with Desert Sands Energy Storage II, LLC, a subsidiary of NextEra Energy Resources. The project is a 25 MW / 200 MWh lithium-ion battery storage facility that is part of a larger 700 MW energy complex located largely within the Palm Springs City limits.

The project is located on a parcel zoned for energy-industrial uses with existing wind turbines and related energy infrastructure on it. The project is being developed in two phases: Desert Peak (Phase 1) and Desert Sands (Phase 2), which includes DCE's facility. The expected COD for DCE's portion of the project is April 1, 2027.

Under the pricing terms in the ESA, DCE will pay for the use of its portion of the Desert Sands project at a fixed-price rate per kW-month, with no escalation, for the full 15- year term of the ESA. DCE is entitled to all product attributes from the facility, including energy, ancillary services, and RA.

**(10) Contract Commitments**

At June 30, 2023, DCE had potential undiscounted, contractual commitments for energy storage and power purchases through 2041 totaling approximately \$102,837,711. In addition, DCE had expected contractual commitments to contract and professional service providers for services yet to be performed in the amount of \$1,985,103 through June 30, 2024. Many of the fees associated with these contracts are based on volumetric or other variable activity and actual results may differ.

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Board of Directors  
Desert Community Energy  
Palm Desert, California

**Independent Auditor's Report**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Desert Community Energy (DCE), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise DCE's basic financial statements, and have issued our report thereon dated October 20, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered DCE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DCE's internal control. Accordingly, we do not express an opinion on the effectiveness of DCE's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether DCE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*DavisFarrLLP*

Irvine, California  
October 20, 2023



Board of Directors  
Desert Community Energy  
Palm Desert, California

We have audited the financial statements of Desert Community Energy (DCE) as of and for the year ended June 30, 2023, and have issued our report thereon dated October 20, 2023. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 30, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Desert Community Energy solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate.

## **Significant Risks Identified**

During the planning phase of the audit, we identified revenues and receivables as a significant risk, as a result of the materiality of the account balances. As a result, we documented the internal controls over revenue and receivables. In addition, we reviewed the System of Controls (SOC) Type 1 audit report for Calpine Energy Solutions, LLC and noted there were no modifications to the opinion for the described assertions. Additionally, we recalculated the amount of revenues received during the year using the underlying system reports. Additionally, we identified the implementation of Governmental Accounting Standards Board No. 96 – Subscription-Based Information Technology Arrangements (SBITA). As a result, we reviewed the support for 100% of the payables related to SBITA. We compared the terms of the agreements to the information included in the calculation of the payable.

We also identified the implementation of Governmental Accounting Standards Board No. 96 – Subscription-Based Information Technology Arrangements (SBITA). We reviewed the provided support for all of the payables related to SBITA, and compared the terms of the agreements to the included in formation toward the calculation of the payable.

## **Qualitative Aspects of the Entity’s Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by DCE is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements is:

Management's estimate of the allowance for doubtful accounts is based on management's knowledge of the likelihood of revenue collection from customers. We evaluated the key factors and assumptions used to develop the allowance for uncollectable accounts and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting DCE's financial statements relate to:

- The disclosure of allowance for uncollectable accounts in note 3 of the financial statements.

#### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

#### **Identified or Suspected Fraud**

We have not identified or have obtained information that indicates fraud may have occurred.

#### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any material misstatements as a result of our audit procedures.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to DCE's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were none.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the letter dated October 20, 2023.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with DCE, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as DCE's auditors.

This report is intended solely for the information and use of the Board of Directors and management of DCE and is not intended to be and should not be used by anyone other than these specified parties.

*DavisFarrLLP*

Irvine, California  
October 20, 2023

## **ITEM 7C**

### **Desert Community Energy Board November 20, 2023**



#### **STAFF REPORT**

**Subject:** Contract for Marketing and Community Engagement Services

**Contact:** Emily Langenbahn, Management Analyst ([elangenbahn@cvag.org](mailto:elangenbahn@cvag.org))

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**Recommendation:** Authorize the Executive Director to execute a three-year services contract with Burke Rix Communications for marketing and outreach efforts for a total amount not-to-exceed amount of \$285,415 through December 31, 2026

**Background:** Prior to its launch, the DCE Board issued a request for proposals for a marketing and community engagement firm. The DCE Board hired Burke Rix Communications effective December 9, 2019 to provide services that included the preparation of DCE logos, website design, customer enrollment notices, and other marketing and public awareness materials and campaigns to accompany the launch of DCE in Palm Springs in April 2020. Burke Rix Communications has also worked with DCE staff for website maintenance and updates as needed, coordinated public outreach and engagement events, and provided design work for the Joint Rate Mailers, post-enrollment notices, and Power Content Labels as required by the California Public Utilities Commission (CPUC).

Burke Rix Communications contract has been extended over the years. The current contract with DCE is set to expire on December 31, 2023. Given the amount of time that has passed since the initial procurement, DCE staff on September 12, 2023 issued a Request for Proposals (RFP) for Marketing and Outreach Services to reflect the updated needs of DCE since its launch, including potentially serving the City of Palm Desert in the future, potential new program launches such as residential battery storage incentives, and increased public awareness and engagement campaigns to raise awareness of DCE's Carbon Free program and its environmental benefits.

The proposal submission period closed on October 12, 2023 and DCE received five proposals from Arellano Associates, Burke Rix Communications, REACH Strategies, School of Thought, and Tripepi Smith. An evaluation committee, comprised of staff from DCE and the City of Palm Springs, reviewed each proposal and created a shortlist of three proposers to conduct virtual interviews on November 1, 2023. The evaluation committee unanimously selected Burke Rix Communications as the top finalist.

DCE staff recommends awarding the marketing and outreach services contract to Burke Rix Communications, effective January 1, 2024. While the request for proposals referenced a contract for as long as five years, DCE staff is recommending a three-year term to the contract and will return to the Board to consider any future extensions that require additional budget.

**Fiscal Analysis:** Burke Rix Communications would be paid on a time and materials basis. The contract will be effective January 1, 2024 and run through December 31, 2026. The total amount of the contract is for a not-to-exceed amount of \$285,415. Funding for these community engagement efforts would continue to be included in the annual budget that is adopted by the Board.

**Attachments:**

1. Burke Rix Communications Proposal
2. Burke Rix Communications Marketing and Outreach Services Contract

October 12, 2023

Mr. Allen McMillen  
Contracts Analyst  
Coachella Valley Association of Governments  
74199 El Paseo, Suite 100  
Palm Desert, CA 92260

Dear Allen McMillen and the Selction Committee,

It is with great pleasure that we at Burke Rix Communications, LLC (BRC) submit this proposal to provide Community Choice Aggregation Program Marketing and Outreach Services for Desert Community Energy (DCE).

BRC is a full-service firm based in Palm Springs with a proven track record of serving as a trusted advisor to CVAG and the City of Palm Springs on many projects over the last 15 years. We are certified with the CPUC as a diverse business enterprise and registered with the State of California as a Certified Small Business.

As the current consultant to DCE, we bring years of experience in helping launch, market, and actively engage our local community on this program. We understand firsthand how to educate customers about the power of choice and importance in doing our part to help save the environment. The partnership between Palm Springs and DCE has resulted in significant greenhouse gas reductions to date and the development of several renewable energy resources and local jobs. There can be nothing more rewarding than helping to foster a sustainable community for future generations and we hope to continue and expand upon this important work with DCE.

We pride ourselves on going above and beyond for every single one of our clients by being accessible and highly responsive. The firm maintains a balanced portfolio ensuring that each our clients receive the best possible service with the active engagement from senior partners and staff. Our team is 100% local which includes our sub-consultant, Heslin Cineamtic, that

has worked with BRC on a variety of DCE videos since program launch. Below is the contact info for Heslin Cinematic:

**Heslin Cinematic**

**Owner:** Stephen Heslin

**Address:** 212 NW Cerritos Drive, Palm Springs, CA 92262

**Phone:** (760) 782-2848

**Email:** [Stephen@HeslinCinematic.com](mailto:Stephen@HeslinCinematic.com)

**Web:** [www.HeslinCinematic.com](http://www.HeslinCinematic.com)

The BRC team is excited to continue our meaningful relationship with DCE and attests that all information submitted in this proposal is true and correct. As the Managing Principal-in-Charge, I bind BRC to the terms of this proposal. We thank you for the opportunity to continue being your partner on such an important program.

**Acknowledgements:**

- We acknowledge that one addendum has been issued for this RFP dated September 29, 2023.
- We acknowledge that this proposal shall remain valid for a period of not less than 180 days from the date of submittal.
- BRC does not have any personal, business, and financial relationship with the subcontractor Heslin Cinematic or any other contractors pursuing this work.

Sincerely,



Brian G. Rix

Principle-in-Charge, Burke Rix Communications

E: [Brian@BurkeRix.com](mailto:Brian@BurkeRix.com)

P: 760.327.9708 x24

F: 760.327.9788

431 S. Palm Canyon Drive, Suite 206

Palm Springs, CA 92262

[www.BurkeRix.com](http://www.BurkeRix.com)



# BRC.

BURKE | RIX  
COMMUNICATIONS



## Proposal for Community Choice Aggregation (CCA) Program Marketing and Outreach Services

**October 12, 2023**

Burke Rix Communications, LLC  
431 S. Palm Canyon Drive, Suite 206  
Palm Springs, CA 92262  
760.327.9708



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# SECTION 1:

## Qualifications, Related Experience and References

### QUALIFICATIONS

Burke Rix Communications (BRC) is an award-winning Coachella Valley based firm specializing in marketing, community outreach, government affairs, public relations, and event production. Founded by Bob Burke and Brian Rix, BRC offers a unique blend of over 30+ years of industry experience working with local governments, private industry, and non-profits. Our wide range of expertise in a diverse number of fields gives us the ability to develop creative strategies and assist our clients with every aspect of their project.

We are a Certified LGBT Business Enterprise® (Certified LGBTBE®) with the National LGBT Chamber of Commerce and registered with the CPUC as a diverse business enterprise. BRC is also registered with the State of California as a Certified Small Business. Diversity and inclusion are core values of our firm and carry over in all our work. This is critically important for DCE and the communities of its member cities.



BRC brings a unique skill set to this project by combining a strong background and understanding of the energy sector with extensive local marketing, communications and outreach experience. Our firm has served as the marketing and outreach consultant for Desert Community Energy since the beginning of the program and has a long successful track record of working with CVAG on many projects that include CV Link, Green for Life, and the SoCal Energy + Water Summit.

Our team's wealth of knowledge and experience especially as it pertains to DCE allows us to hit the ground running in providing all of the services in the RFP with

great proficiency and at a tremendous cost savings. And as a local team, we are keeping dollars spent on DCE local within the Coachella Valley.

The firm maintains strong relationships with elected officials throughout the entire Coachella Valley and particularly in the cities of Palm Springs and Palm Desert where we have offices. We are intimately familiar with these communities and have engaged residents, businesses, and stakeholders to raise awareness and foster meaningful dialogue on a wide number of projects. The firm provides a turn-key service when it comes to community engagement. Starting from the ground up to foster relationships and help develop an inclusive and responsive outreach strategy. Our team has members fluent in both English and Spanish that allows us to fully engage and help lead all meeting facilitation and promotion efforts.

We offer our clients a diverse range of services including, but not limited to:

- Brand Management
- Traditional & Digital Advertising
- Media Planning & Placement
- Public Relations
- E-Mail Marketing
- Social Media Management
- TV, Video & Radio Production
- Website Development & Management
- Graphic Design
- Community Outreach
- Project Education & Workshops
- Stakeholder Mapping
- Campaign Strategy
- Government Affairs Advocacy
- Land Use & Entitlements
- Crisis Management
- Event Production & Promotion

Burke Rix Communications is a Limited Liability Company (LLC) that was founded in 2008 and operated for the first two years under Burke, Rix, Hines, LLC. Our headquarters is in Palm Springs and we maintain a satellite office in Palm Desert, CA. BRC currently has five employees total.

BRC has the financial capacity to complete all services in the RFP and in the term of the contract. The firm does not have any financial conditions (e.g., bankruptcy, pending litigation, planned office closures, impending merger) that may impede our ability to complete the project. BRC has not had any legal proceedings or arbitration pending or concluded within the last five years. Our firm employs professional accounting services to maintain all account and ensure that we adhere to best practices and stay in compliance.

## EXPERIENCE IN WORKING WITH VARIOUS GOVERNMENT AGENCIES

BRC has extensive experience working for CVAG and all nine cities of the Coachella Valley on many projects and in various capacities. Our journey with CVAG began in 2008 on the SoCal Energy + Water Summit that BRC helped grow into a large regional event uniting hundreds of government and industry leaders to share ideas and shape policy. Building off our energy experience, BRC was tasked by CVAG to work on the Green for Life project that was in partnership with Southern California Edison and administered by the CPUC. In 2013, the firm took on its biggest challenge yet in helping CVAG with the public outreach and marketing efforts for CV Link that has included extensive community engagement and close coordination with many of the cities throughout the Coachella Valley. In a subsequent contract for CV Link, BRC was asked to provide environmental justice outreach and engagement for the City of Palm Desert and CVAG through Caltrans. BRC has also done work for SCAG and for the past two years provided marketing services for the City of Desert Hot Springs.



Currently, BRC is working with CVAG on CV Link and DCE. In addition, the firm has been providing marketing and community engagement services for the State of California Natural Resources Agency and Department of Water Resources since 2017 on the Salton Sea Management Program. Case studies for CV Link and the Salton Sea Management Program can be seen in the appendix of this proposal. BRC has also worked closely with many private entities on projects within the cities of Palm Springs and Palm Desert.



## FIRM'S EXPERIENCE IN PERFORMING WORK OF A SIMILAR NATURE

Our firm specializes in the key activities defined in the RFP with extensive marketing and outreach experience working for public agencies. In our work on CV Link and DCE over the many years, the BRC team has interfaced closely with elected officials and staff on strategy, communications, outreach, marketing, public relations, and events.

BRC has been the trusted advisor for CVAG on the DCE project since its launch. We bring to the project valuable lessons learned and understand the unique challenges. We are based in Palm Springs and every member of our team is a DCE Carbon Free customer! Our work on DCE cannot be more meaningful and significant.

On the CV Link project, BRC's Josh Zipperman has worked closely with both Palm Springs and Palm Desert staff on the development of communications regarding construction activities that included graphic design, translation, and dissemination via mail, website updates, and social media. Zipperman coordinated with the PIO's at both cities to get the message out and engage the community.

For the program launch of DCE, both BRC's Brian Rix and Josh Zipperman worked closely with CVAG staff and elected official to develop the strategy, brand, and messaging used to introduce the project. BRC's entire team worked to develop all the different pre and post launch notifications and helped bring on and coordinate with ACE Printing on the printing and mailing.

**431 South Palm Canyon Drive, Suite 206  
Palm Springs, CA 92262**

**Doing Our Part to  
SAVE the PLANET**

**Desert Community Energy**  
Your new locally controlled electricity provider

**PALM SPRINGS CITY HALL**

Starting in April 2020, Desert Community Energy (DCE) will become the default electric generation service for the City of Palm Springs with all residential and businesses accounts being automatically enrolled in our Carbon Free plan. This will save the planet and reduce our carbon footprint by 118,500 metric tons, or 27%. No single action by the City of Palm Springs could reduce emissions this much. It would be like replacing all cars in the city with bicycles!

For the first time, you will have a choice where you buy your power although SCE will continue to deliver the power and bill you as they always have. With DCE your choices are:

**CARBON FREE**  
100% carbon free & 50% renewable - Will be less expensive than SCE's green rate, but will be at a premium (about 10%) compared to SCE's base rate. You may also opt down to our Desert Saver plan.

**DESERT SAVER**  
All DCE customers have the option of opting down to our Desert Saver plan but opting down will not result in any additional savings for CARE/FERA/Medical Baseline customers as they are already receiving the Desert Saver rate. You may also choose to pay more, opt out of DCE, and keep SCE as your provider.

**DesertCommunityEnergy.org  
(855) 357-9240 (toll free)**

**LEE NUESTRA INFORMACIÓN EN ESPAÑOL  
www.DesertCommunityEnergy.org/espanol**

**Abbreviated Terms & Conditions\***

**PROGRAM ENROLLMENT**  
Desert Community Energy (DCE) was set up as a joint powers authority by Palm Springs, Cathedral City and Palm Desert. DCE will start serving customers in Palm Springs in early April 2020 and will be the default electric generation service provider for that city. Accounts within DCE's service area in the City of Palm Springs are automatically enrolled in the Carbon Free plan unless the account holder chooses to opt down to the Desert Saver plan or to opt out and remain with SCE's bundled service.

**RATES & FINANCIAL ASSISTANCE PROGRAMS**  
DCE electric generation rates are managed by DCE's Board of Directors to provide cleaner, competitively priced electricity. Any changes to rates will be adopted at public meetings of the DCE Board. Financial assistance programs including CARE, FERA, and Medical Baseline Allowance remain the same with DCE. In most cases, for more information on how you can save up to 30% on your energy bill, call (760) 465-9286 or email [utility@desertcommunityenergy.org](mailto:utility@desertcommunityenergy.org).

**DESERT SAVER ENROLLMENT**  
DCE account holders can choose at any time to opt down to Desert Saver electricity service which will be billed at a rate that is competitive with SCE's current standard rates. CARE/FERA/Medical Baseline customers will receive 100% carbon-free electricity but will be billed at the lower cost Desert Saver rate, an additional savings compared to SCE's base rate. It is not necessary for CARE/FERA/Medical Baseline customers to opt down.

**BILLING**  
DCE account holders will continue to receive a single monthly bill from SCE that includes all electricity related charges, including DCE's electric generation charge. SCE will continue to charge for transmission, distribution, public goods programs and other non-generation charges at the same rate it charges customers who do not receive DCE service.

**OPT OUT**  
Account holders may opt out of DCE electric generation service by calling toll free (855) 357-9240 or at [DesertCommunityEnergy.org](http://DesertCommunityEnergy.org). DCE does not charge a fee to opt out at any time. If you opt out of DCE electric generation service within 60 days of enrollment, you will be placed back on your current rate with SCE. If you opt out of DCE service after that 60-day period, you will be placed on SCE's transitional rate. For more information about SCE's transitional rate, please go to [sce.com](http://sce.com).

\*Full Terms & Conditions can be found at [DesertCommunityEnergy.org](http://DesertCommunityEnergy.org)

The firm worked with Heslin Cinematic on several videos used in a bilingual social media campaign to raise community awareness about how the program works. BRC's Orozco served as a spokesperson in one of the videos and also designed and translated all program materials as well as performing outreach in the field and at community events.



On both CV Link and DCE, BRC's Zipperman has been responsible for managing the project website by making updates and helping train CVAG staff. Zipperman also handles the social media management for both projects that includes developing the schedule of posts and responding to comments. The local presence of our team on social media also helps us monitor chatter in local groups and on NextDoor that have proven helpful in addressing questions and tailoring program materials and messaging.

## REFERENCES

### Salton Sea Management Program

Evon P. Willhoff, Program Manager 1, State of California Department of Water Resources, Salton Sea Management Program  
715 P Street, 6<sup>th</sup> Floor, Sacramento, CA 95814  
M: (916) 882-1683  
E: [evon.willhoff@water.ca.gov](mailto:evon.willhoff@water.ca.gov)

### CV Link

Tyson Atwood, P.E., Senior Vice President, Anser Advisory  
73-710 Fred Waring Drive #102, Palm Desert, CA 92260  
M: (805) 459-7697  
E: [Tyson.Atwood@AnserAdvisory.com](mailto:Tyson.Atwood@AnserAdvisory.com)

### City of Desert Hot Springs

Doria Wilms, Deputy City Manager, City of Desert Hot Springs  
11999 Palm Drive, Desert Hot Springs, CA 92240  
O: (760) 329-6411 ext. 260  
E: [DWilms@CityOfDHS.org](mailto:DWilms@CityOfDHS.org)

## SECTION 2:

### Proposed Staffing and Project Organization

#### TEAM BRC

The BRC team is deeply committed to the success of DCE as it directly impacts our local community and the future ahead. There is no greater threat to the greater Palm Springs region and our planet than that of climate change. We firmly believe in the power of DCE to reduce greenhouse gas emissions by providing residents and businesses with cleaner, more affordable choice in electricity from local sources here in the Coachella Valley.

We carefully choose to only take on projects that have a positive impact on our community. This fuels our passion and drive to give the project our very best. Our team strives to become an extension of our clients' staff, to facilitate projects so that the disruption to our clients' workload is minimized and to assure that project goals are achieved. Our focus is to providing turn-key service to its clients and as the Prime consultant, BRC will lead the team that includes Heslin Cinematic who has worked with us on DCE since the very beginning. Together we will ensure a smooth continuity and growth in the storytelling, look and feel of the DCE brand.

#### CURRENT ASSIGNMENTS AND AVAILABILITY OF KEY PERSONNEL

Staff Name & Role	Years with the Firm	Current Location	Current Assignments	Current Commitment	Availability for this Project
<b>Brian Rix</b> Project Manager	15	Palm Springs, CA	DCE	50%	50%
<b>Josh Zipperman</b> Outreach & Marketing Lead	15	Palm Springs, CA	DCE, Salton Sea, CV Link	40%	60%
<b>Cynthia Orozco</b> Graphic Design & Translation	10	Palm Springs, CA	DCE, Salton Sea, CV Link	40%	60%

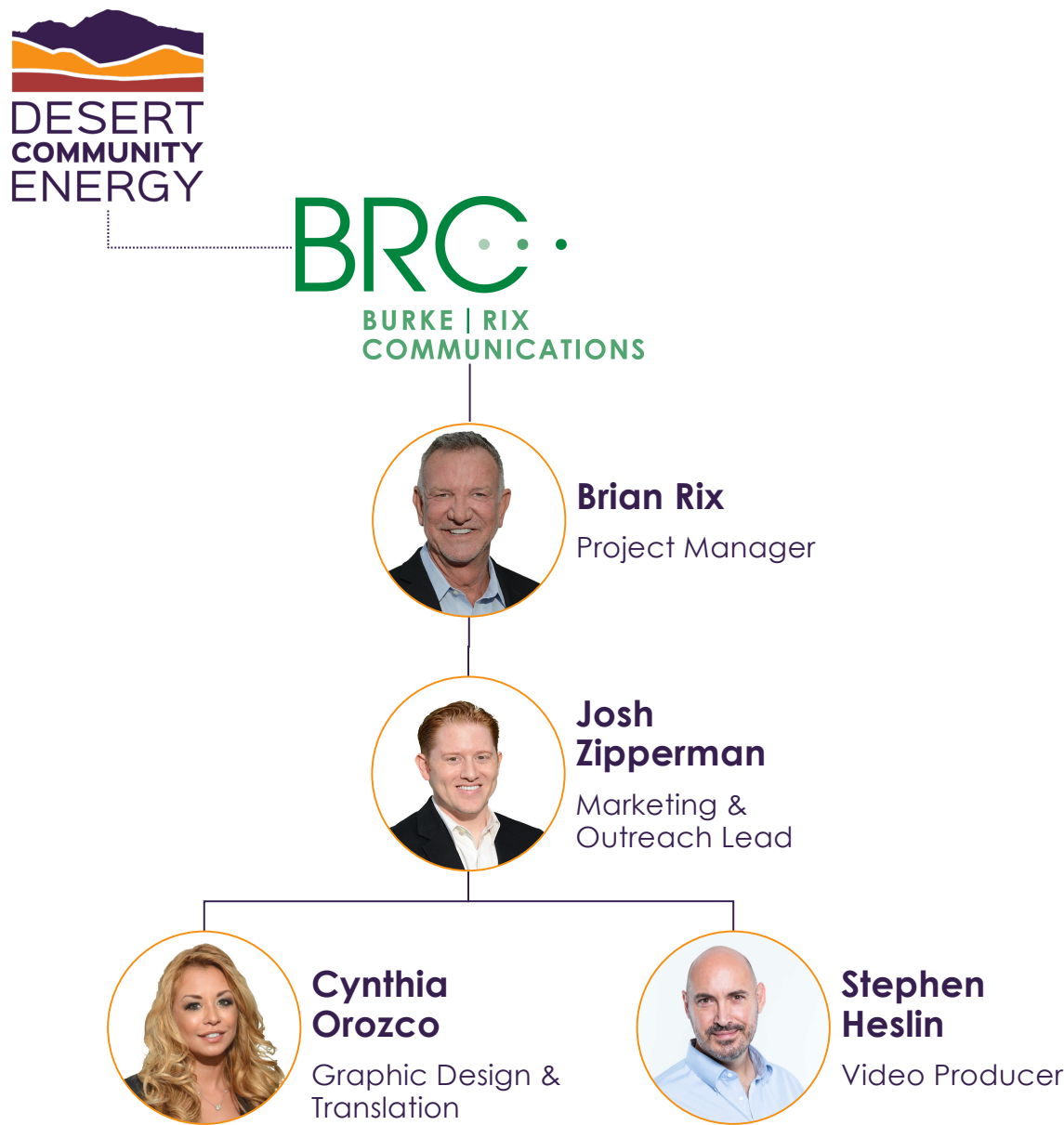
All staff assigned to this project will be available and committed throughout the duration of this contract and will not be reassigned without the prior written consent of DCE.



BRC ORGANIZATIONAL CHART

BRC’s Brian Rix will service as the principal in charge of this project. Brian will be involved in all phases of the project and be an active contributor to the strategy and execution of the various components to this project. He will also be DCE’s primary contact and will attend all meetings.

The BRC organizational chart provided below includes all team members for the project.



## EDUCATION, EXPERIENCE, AND CREDENTIALS OF PROJECT STAFF

### BRIAN G. RIX, PROJECT MANAGER

*30 years experience – Juris Doctorate, University of San Diego School of Law, San Diego, CA*

Brian started his career as an attorney and quickly moved into show business. He was one of the founding partners of Joseph, Heldfond & Rix, Inc. one of the largest talent agencies in the commercial arena. Brian paired Mariette Hartley with Polaroid, Mark Harmon with Coors and Patrick Swayze with Pepsi. He orchestrated John Travolta's Japanese commercial deal with Dentsu Advertising. After selling the agency, Brian became involved in political campaigns, fundraising, public relations and special events as the founder of Rix Bradford Consulting. He has done extensive work in the education, energy, corporate and political arenas. Rix Bradford Consulting is the forerunner to Burke Rix Communications (BRC). As managing partner of BRC, Brian oversees all the firm's efforts and has led many projects to be successfully implemented. Brian plays a strong role in local civic affairs. He sits on the Board of Directors of the LGBT Center of the Desert. The firm is active in supporting local and countywide candidates as well as many local charities.

Key project experience:

- » Desert Community Energy (DCE)
- » AES Mountain View Wind Project
- » CPV Sentinel Energy Center

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### JOSH ZIPPERMAN, MARKETING & OUTREACH

*15 years experience – Bachelor of Arts, University of California, Los Angeles, CA*

Josh is a Senior Associate at BRC and serves as a project manager and active contributor on several of the firm's accounts. His diverse skillset in government affairs, community outreach, and marketing have proved invaluable in helping bring many projects to fruition. Josh has built a reputation for providing creative and inclusive strategies that prioritize community input and values into the success of the project. His experience includes traditional and digital marketing, community outreach, social media management, and event production. Josh is a graduate of Leadership Coachella Valley and served for the past several years on the board of the Mizell Center. In 2014, he was named by Palm Springs Life magazine as one of the 40 Under 40 Leaders of the Coachella Valley.

Key project experience:

- » Desert Community Energy (DCE)
- » CV Link
- » Salton Sea Management Program

**CYNTHIA OROZCO, GRAPHIC DESIGN & TRANSLATION**

*10 years experience – Bachelor of Arts, San Jose State University, A.A., College of the Desert*

Cynthia serves as BRC's in-house graphic designer and bilingual communication media specialist. Fluent in both English and Spanish, Cynthia currently provides translation, community outreach and public relations services on a variety of projects. She has years of experience in grassroots outreach and organizing with frontline environmental justice communities. Cynthia has won several awards for her creative designs and is skilled in Adobe Illustrator, InDesign and Photoshop in addition to being a budding professional photographer. Passionate about giving back to the community, she has volunteered for the past several years with Baseball Buddies, FIND Food Bank, Project Santa to the Rescue.

Key project experience:

- » Desert Community Energy (DCE)
  - » CV Link
  - » Salton Sea Management Program
- 

**STEPHEN HESLIN, HESLIN CINEMATIC, VIDEOGRAPHER**

*25 years experience – Bachelor of Arts, University of California, Santa Barbara*

Stephen Heslin started his career in the film and television industry working on set as well as in post-production. He then entered the corporate video world where he worked for 15 years helping business like Entertainment Partners craft their messaging through video. After living full time in the Coachella Valley for several years, he saw an opportunity to help local organizations tell their stories and started his own video production company, Heslin Cinematic. Since then, he has helped numerous small businesses, non-profits, real estate agents, and many others achieve their goals through affordable professional videos. Stephen is skilled in Final Cut Pro X, Apple Motion, Premiere Pro, After Effects, Photoshop, Illustrator, and Mocha Pro.

Stephen has years of experience working with BRC on several projects.

Key project experience:

- » Desert Community Energy (DCE)
- » CV Link
- » LGBTQ Center of the Desert

# SECTION 3:

## Work Plan

### SCOPE OF WORK

The BRC team is intimately familiar with DCE through our work to help launch the program and in performing marketing and outreach services for the past several years. We understand the program needs and have insight into the opportunities for growth. Our local team can apply this experience to hit the ground running while being providing significant cost savings to DCE. Below is our proposed scope of work addressing the services outlined in the RFP.

#### 1. Project Management for each of the following services:

##### A. Marketing Strategy Implementation and Brand Management

The marketing strategy for DCE has recently focused primarily on promoting energy savings in the warmer summer months when rates are high and encouraging customers to go carbon free and do their part to fight climate change in the cooler winter months when rates are lower. DCE's marketing tools consist of the project website, social media channels, and notifications sent via mail and email. This includes the OhmConnect partnership that provides financial incentives to save during peak energy times when the grid is strained, and rates are the highest.

BRC has successfully developed and implemented the marketing strategy as well as managed the DCE brand. Based on this experience, our team will collaborate with DCE staff to develop an annual marketing and advertising plan that would outline the program's overall goals, campaigns, targeted audiences, messaging, timelines, assets/resources needed, estimated costs, and metrics for success. We would also suggest that the plan include a focus on communications and outreach identifying strategies for engagement as well as protocols and procedures for interfacing with the public.

One constant challenge for DCE in Palm Springs is helping the community understand why the program was formed, its goals and benefits. We would

recommend for consideration that the plan include a strategy to reintroduce DCE to the community in various marketing and engagement efforts for not just existing customers but for new ones as well. Updating and augmenting our notices welcoming customers to DCE and the benefits of going Carbon Free would be one such example. Another recommendation is for DCE to create a local public benefit such as a rebate or incentive that could be used to promote the program show how we are investing back into the community. There are just a few of the ideas that we would like to collaborate on with the DCE team.

## **B. Graphic Design**

BRC's Cynthia Orozco has led the design effort for our team on all DCE materials to date. This includes presentations, collateral materials, signage, printed and digital advertisements, mailers, promotional materials, and graphics for social media, emails and the project website. BRC's Brian Rix and Josh Zipperman provide the creative direction and oversight to ensure that every piece is a success. We are confident in our ability to continue providing engaging and appealing designs to maintain the DCE brand and trust in the public eye.

## **C. Printing and Mailing**

For the initial DCE launch, BRC recommended using ACE Printing in Palm Springs for all program printing and mailing. Over the past several years, DCE had great success in using ACE to send out hundreds of thousands of notices that involves complex management of private customer data that changes for each mailer. BRC has successfully coordinated with ACE Printing to develop production schedules, price quotes, and print ready artwork. Our firm works with ACE on many other projects and highly recommends that DCE continue to use ACE. We stand ready to continue providing project management services for all DCE printing and mail needs.

## **D. English/Spanish Translation**

BRC strongly believes in eliminating barrier to access especially for the Latino population that makes up the majority of the Coachella Valley. Our team helps ensure that all the materials for every one of our projects is translated into Spanish and that interpreters are present at public meetings. We have brought this mindset and value to everything we do on for DCE. BRC's Cynthia Orozco is bilingual and has years of experience translating materials on projects including DCE. She also supports our outreach efforts to the Latino community and provides translation at events. BRC also maintains a network of professional translators for technical documents and public meetings.



## E. Video and Photography

BRC has partnered with Heslin Cinematic to provide professional videography services for DCE. Heslin has been telling stories visually for over 25 years and won many awards for his work. Our firms have worked together on the DCE launch videos and recently the Carbon Free Business Recognition Program videos. As a Palm Springs local, Stephen is familiar with DCE and the local community. This allows him to not only respond quickly to any video needs at a very competitive rate but also help tell our story. Stephen is well known throughout the community for his work with community leaders, businesses, and non-profits. BRC has also worked with Heslin Cinematic on videos for CV Link and many other projects. We have an established process for pre-production where we collaborate on ideas, develop the script, and identify the shots and overall feel of the piece. In post-production, our team works together to present clients with a polished product that usually requires very few edits. Stephen also does professional photography and BRC's Orozco also serves as our in-house photographer. Together we bring a seasoned and professional team to DCE.

**Heslin**  
CINEMATIC



## F. Support for Community Events

The BRC team has extensive experience supporting clients in showcasing their brand and engaging the community at events. We have staffed hundreds of community events on the CV Link project and several events a year for DCE. We have developed the DCE booth complete with a branded tablecloth, banners, t-shirts for staff, and a full suite of bilingual informational materials. To help engage the community, we also developed free promotional materials that included earth tote bags and stickers as well as a kids coloring book and bookmark. We find it critically important for DCE to have a presence at community events and interface with customers. Our team is able to promote programs, answer questions, and generate excitement for DCE. In looking ahead, we believe that it would only benefit DCE to participate in even more community events and our knowledge and local team can help accomplish that with ease.



In addition to community events, BRC has provided DCE with planning and support for community workshops and a media event with the City of Palm Springs for the signing of a power purchase agreement with a local wind farm. BRC assisted in coordinating logistics with the city, developing talking points for elected officials, and securing media coverage. The event received front page coverage in The Desert Sun and a featured story on KESQ news.

## G. Social Media Management

Our team has managed DCE's social media networks; Facebook, Instagram and X (formerly Twitter) with curated content to raise awareness and engage the community. We develop the strategy, schedule of posts, and content for

each platform. Because our team is local, we not only monitor the DCE networks but other channels as well such as the Palm Springs Neighborhood group and NextDoor. This allows our team to quickly respond to comments and flag issues for the DCE team.

Another key effort related to DCE's social media networks is raising awareness surrounding statewide Flex Alerts. Our team closely monitors for alerts and has developed engaging DCE videos and graphics to educate customers what to do before and during a Flex Alert. We also utilize our email marketing and website to share alerts.

In looking ahead, we have proposed an increase in our paid media budget to boost engagement and widen our exposure. We also propose cross posting to other local Facebook groups and expanding our presence to other platforms such as TikTok and Threads where there is growing traction among users. We also feel that it would be beneficial to update our prepared responses to questions. Our marketing and communications plan would help keep our responses on message and identify protocols for responding to comments.

## 2. Branding of Customer Program Launches

Earlier this year, we began working with DCE on a Carbon Free Green Business Recognition Program. We developed a plan and suite of materials for the program that included a brochure, window decal, webpage, and a series of videos to celebrate a myriad of our carbon free businesses. These materials still need to be finalized and go live so that outreach efforts for the program can begin.



Having helped develop this recognition program and materials, we are passionate about seeing it come to fruition and believe that firm is best suited to carry it forward. We have the local relationships with the business community in Palm Springs and the Palm Springs Bureau of Tourism and Greater PS CVB. Our proposed budget includes what we feel is a significant investment towards this program that will make businesses feel that there is a return on their investment in DCE and commitment in going Carbon Free. By heavily promoting the businesses in the program and by showcasing them through bureaus of tourism, we feel that the program can encourage others to go carbon free and promote the region as an eco-destination.



### 3. Community Outreach and Stakeholder Engagement

BRC has performed a variety of outreach and engagement efforts for DCE that has included community workshops, presentations, and grassroots outreach to residents and businesses. We believe in being proactive to keep the community informed and identify what needs to improve. BRC has supported DCE's Community Advisory Committee and stands ready to help re-engage when ready. Our team also feels that increased involvement with ONE-PS and a series of informative meetings with various business and residential groups would increase the community's understanding of DCE's benefits, dispel common misconceptions, and most importantly discourage people from opting out of the program.

Another big focus area for DCE in terms of outreach and engagement centers around solar NEM and financial assistance customers. BRC would like to assist DCE in collaborating with solar vendors to earn their support and develop tools to better educate their customers. BRC can also help with outreach and engagement efforts for CARE/FERA and Medical Baseline Allowance customers. One example of this would be to create a mailer and/or colleterial to promote bill assistance programs.

### 4. Website Updates

BRC has helped manage the DCE website by updating content and collaborating with the developer on fixes and improvements. Our team has also helped train DCE staff on how to make changes. The DCE website was initially designed and organized by another consultant early in the project. BRC proposes to assist DCE in re-organizing the site and updating content. For example, we would suggest making the homepage more dynamic with rotating content that could highlight key topics such as energy saving tips, TOU plan information, Flex Alerts, etc. We feel that the core benefits of the program should also be featured more prominently on the homepage to help the community understand and buy into DCE's mission. Other pages such as the Understanding My Bill, Financial Assistance, and the Save Energy & Money pages could also be updated. Our team would also help update content for the OhmConnect program and current rebates. BRC maintains a positive working relationship with the original developer of the site, White Rabbit, and can collaborate further to identify additional improvements. We also work closely with other developers should DCE wish to pursue another vendor or develop a new site. In summary, we have the expertise to continue managing the DCE site and support its future development.

## RESPONSIBILITY MATRIX

The below matrix details a breakdown of key responsibilities by personnel for each task identified in the scope of work.

P = Primary Responsibility S = Support Role R = Review A = Approve C = Consult if Necessary	DCE	BRC Project Manager	BRC Marketing & Outreach	Graphic Design & Translation	Videography & Photography
Task	DCE Staff	Brian Rix	Josh Zipperman	Cynthia Orozco	Stephen Heslin
<b>1. Project Management</b>	A	P	S		
Marketing Strategy Implementation & Brand Mgmt	A	P	S	C	
Graphic Design	A	R	S	P	
Printing and Mailing	A	R	P	S	
English/Spanish Translation	A	C	S	P	
Video and Photography	A	R	S	S	P
Support for Community Events	A	C	P	S	
Social Media Management	A	C	P	S	C
<b>2. Branding of Customer Program Launches</b>	A	P	S	C	
<b>3. Community Outreach and Stakeholder Engagement</b>	A	R	P	S	
<b>4. Website Updates</b>	A	R	P	S	

## METHODS FOR QUALITY, BUDGET, AND SCHEDULE CONTROL

BRC takes pride in going above and beyond for every single one of our clients by being accessible and highly responsive while delivering the highest quality of work product. The firm maintains a balanced portfolio ensuring that each our clients receive the best possible service with the active engagement from senior partners and staff. BRC Brian Rix will be actively involved in all aspects of the project to ensure there is quality control and accountability for our team. Brian will track the performance of tasks to make sure they are completed on schedule and within budget. BRC has never gone over budget on a project and often manages to preserve budget for contingencies.

One of the lessons we learned is that having regular meetings with clients is incredibly helpful to maintaining the schedule and keeping the entire team up to speed on project updates. We also find that regular meetings are very useful in planning ahead.

All the work performed by BRC will be managed and stored in a document control system accessible to DCE. This allows our teams to quickly share information, stay organized, and track progress on activities.

Lastly, Brian will also work closely with the DCE team to perform an annual evaluation of our performance so that we provide even greater service!

## PROJECT SCHEDULE AND DEADLINES

Below is our detailed preliminary schedule identifying each task and deadline. This schedule can be easily adjusted as the project moves forward. We strive to be flexible to accommodate our clients' needs and as demonstrated throughout this proposal, the BRC team is ready to hit the ground running to continue our work for DCE.

TASK NAME	Half 1 2024						Half 2 2024						Half 1 2025						Half 2 2025						Half 1 2026						Half 2 2026							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec		
Project Kick-Off																																						
Project Management																																						
A. Marketing Strategy Implementation & Brand Mgmt																																						
Develop Marketing & Advertising Plan for 2024																																						
Finalize Plan & Implement																																						
Annual Update of Plan																																						
Graphic Design (ongoing as needed)																																						
Develop/Update DCE Program Brochure/Card																																						
Develop NEM Collateral																																						
Develop CARE/FERA Collateral																																						
Printing & Mailing (including eblast)																																						
Joint Rate Mailer (includes graphic design)																																						
Power Content Label Mailer (includes graphic design)																																						
NEM True-Up Mailer (includes graphic design)																																						
Business Welcome Mailer (sent throughout the year)																																						
Develop mailer (includes graphic design)																																						
Mail (sent throughout the year)																																						
English/Spanish Translation (perform as needed)																																						
Joint Rate Mailer																																						
Power Content Label Mailer																																						
NEM True-Up Mailer																																						
Business Welcome Mailer																																						
Videos & Photography (perform as needed)																																						
Support for Community Events (perform as needed)																																						
Black History Month Parade and Expo																																						
ONE-PS Community Picnic																																						
DAP Health Equity Walk																																						
Promotional Materials (Evaluate/Create/Order)																																						
Social Media Management																																						
Develop Annual Strategy																																						
Draft Calendar of Posts & Graphics (1 month prior to post)																																						
Approval from DCE & Schedule																																						
Monitor Comments & Respond																																						
Branding of Customer Program Launches																																						
Promote Businesses (Manage Social Media Ads)																																						
Outreach to Business Groups																																						
Onboard New Businesses (Video, Photos, Testimonials)																																						
Develop Program with PS Bureau & CVB																																						
Update Website & Build Directory of Businesses																																						
Review Performance & Collect Feedback																																						
Evaluate Program																																						
Community Outreach & Stakeholder Engagement																																						
NEM Customer Outreach																																						
CARE/FERA Customer Outreach																																						
Website Updates																																						
Review Website & Propose Updates																																						
Perform Updates																																						
Update Site As Needed																																						

# SECTION 4:

## Appendices

### RECENT AND RELEVANT PROJECTS

#### SALTON SEA MANAGEMENT PROGRAM – California Natural Resources Agency

##### Relevant Project Elements:

- Community Outreach with emphasis on Environment Justice
- Marketing, Advertising, Graphic Design
- Stakeholder Mapping
- Meeting Facilitation
- English/Spanish Translation
- Video & Photography
- Social Media Marketing

##### Project Description:

The California Natural Resources Agency and Department of Water Resources has tasked BRC to provide community engagement and public relations services for the Salton Sea Management Program (SSMP) – that aims to create habitat and dust suppression projects to protect public health and help restore California's largest lake.

To date, BRC has engaged with communities around the sea to raise awareness, facilitate discussion and provide feedback on the SSMP's planning and implementation of projects to restore the Salton Sea. Our team has helped organize and facilitate numerous in-person and virtual meetings as well as develop various bilingual collateral materials including presentation materials, project flyers, factsheets, social media toolkits, and public service announcements for television, radio and print media outlets.

BRC also played a significant role in the planning and facilitation of the SSMP's Community Engagement Committee that included the transition in prioritizing environmental justice with updates to the charter and committee composition. Recently, BRC supported the SSMP with outreach efforts on the development of the Long-Range Plan, NEPA EA, and Community Needs Strategy.



## CV LINK – Coachella Valley Association of Governments

### Relevant Project Elements:

- Marketing, Branding, Graphic Design
- Community Outreach with emphasis on Environment Justice
- English/Spanish Translation
- Video & Photography
- Social Media Management
- Website Development & Maintenance
- Event Production (Ground Breaking & Ribbon Cutting ceremonies)

### Project Description:

BRC has served as the project lead consultant for the Coachella Valley Association of Governments (CVAG) on the public outreach and marketing efforts for CV Link – a 40 mile pedestrian, bicycle and low-speed electric vehicle transportation corridor along the Whitewater River. The firm developed a bilingual project website, factsheets, maps, and a tradeshow display with promotional materials. Our team coordinated and staffed several regional workshops and hundreds of community events to raise awareness and solicit feedback on the project. All of the project's social media channels are maintained by BRC. The firm produced a project video that ran as a PSA for over a year on local news and won a gold ADDY award. In February of 2018, BRC produced the grand opening celebration for the first completed segment of CV Link in Palm Springs and Cathedral City with over 400 attendees and significant media coverage. BRC has subsequently go on to produce groundbreakings for other segments of CV Link and is currently providing construction management support with communications and outreach efforts as the link continues to be constructed.



## LITIGATION HISTORY

BRC has not had any claims filed by our firm or against our firm for any services including those related to the provision of services in this RFP in the last five (5) years.

PROJECT TEAM RESUMES



EDUCATION

J.D. University of San Diego School of Law  
B.A. Cal State Long Beach

EXPERIENCE

Years of Experience:  
**30+**  
Years with Firm:  
**15**

PROJECT SUCCESSES

- X Measure J Campaign - City of Palm Springs
- X CPV Sentinel, Desert Hot Springs
- X CV Link, CVAG

Brian G. Rix

Managing Partner, Burke Rix Communications

SUMMARY QUALIFICATIONS

Brian currently is the managing partner of Burke Rix Communications (BRC), a Coachella Valley based firm specializing in government affairs, public relations, community outreach, marketing, and event management. Brian started his career as an attorney and quickly moved into show business. He was one of the founding partners of Joseph, Heldfond & Rix, Inc. one of the largest talent agencies in the commercial arena. Brian paired Mariette Hartley with Polaroid, Mark Harmon with Coors and Patrick Swayze with Pepsi. He orchestrated John Travolta's Japanese commercial deal with Dentsu Advertising. After selling the agency, Brian became involved in political campaigns, fundraising, public relations and special events as the founder of Rix Bradford Consulting. He has done extensive work in the education, energy, corporate and political arenas. Rix Bradford Consulting is the forerunner to Burke Rix Communications.

Brian was very active with the State Community College system. He assisted former Chancellor Mark Drummond in passing a \$1 billion dollar construction bond and 3 years later an additional \$3.5 billion for construction projects at the Los Angeles Community College District. BRC for 10 years directed the Los Angeles Community College District Foundation under contract to the District. In addition, Brian worked on the statewide Community College Initiative, Proposition 92, on the February 2008 ballot doing statewide communication and fundraising.

Rix has also had extensive experience in event planning and the hospitality industry. He has had contracts with LA, Inc., the Convention and Visitors Bureau and the San Diego Convention and Visitor Bureau. He was tapped by Mayor Antonio Villaraigosa to produce his inaugural ball, which was one of the largest political events in Los Angeles history. He also produced the United States Conference of Mayors, which was hosted in Los Angeles in June 2007. He was responsible for four huge consecutive evening events and managed a 1.8 million dollar event budget. The inaugural event featured performer Natalie Cole with a follow-on event featuring Melissa Etheridge. Through his years of working in politics, Rix has developed extensive contacts in the political arena at the Federal, State and local levels. Combined with Bob Burke they have held events for politicians from President Clinton to Governor Gavin Newsom to local City Council members.

Brian plays a strong role in local civic affairs. He sits on the Board of Directors of the LGBT Community Center of the Desert. The firm is active in supporting local and countywide candidates as well as many local charities.



**BRC** ·  
BURKE | RIX  
COMMUNICATIONS

## EDUCATION

B.A. University of  
California, Los Angeles

## EXPERIENCE

Years of Experience:  
**15+**

Years with Firm:  
**15**

## PROJECT SUCCESSES

- X** Pueblo Viejo Villas,  
Coachella, CA
- X** SoCal Energy + Water  
Summit
- X** Green for Life, CVAG

## Josh Zipperman

Senior Associate, Burke Rix Communications

### SUMMARY QUALIFICATIONS

Josh Zipperman is a Senior Associate of Burke Rix Communications and serves as a project manager and active contributor on several of the firm's accounts. Zipperman's diverse skillset in government affairs, community outreach, and marketing have proved invaluable in helping bring many projects to fruition. Recently, he has been the firm's lead on several large regional projects that includes; CV Link, Salton Sea Management Program, and Desert Community Energy to name a few. Zipperman has built a reputation for providing creative and inclusive strategies that prioritize community input and values into the success of the project. He prides himself on being efficient, thorough, and an excellent communicator that is a valued team member to many. Zipperman is a graduate of Leadership Coachella Valley and served for the past several years on the board of directors of the Mizell Center. In October of 2014, he was named by Palm Springs Life magazine as one of the 40 Under 40 Leaders of the Coachella Valley.

### PROJECT ACHIEVEMENTS

#### AES, MOUNTAIN VIEW WIND PROJECT, RIVERSIDE COUNTY, CA

(2020 – 2023) | *Project Manager*  
BRC was engaged by AES to lead the community outreach and government affairs on the modernization and repowering of a 66.6 megawatt (MW) wind farm in unincorporated Riverside County. Zipperman assisted in the development of outreach materials, led public meetings, and navigated complex entitlement challenges to complete the project on schedule.

#### CVAG, CV LINK, COACHELLA VALLEY, CA

(2012 – Present) | *Project Manager*  
Since 2012, BRC has been the lead community outreach and marketing consultant on the CV Link project. Currently, Zipperman leads the construction management communications responsible for the project hotline, community engagement, public notices, and coordination with stakeholders. Zipperman also manages the projects social media channels and website.

#### CA NATURAL RESOURCES AGENCY, SALTON SEA MANAGEMENT PROGRAM, RIVERSIDE & IMPERIAL COUNTY, CA

(2017 – Present) | *Project Manager*  
BRC has been tasked by the State to provide community engagement and outreach services for the Salton Sea Management Program that aims to protect public health and restore the environment at California's largest lake. Zipperman has led numerous engagement efforts for the program; organizing community meetings, handling promotion efforts, and supporting the Engagement Committee.





**BRC** ·  
BURKE | RIX  
COMMUNICATIONS

## EDUCATION

B.S. San Jose State  
University

A.A. College of the Desert

## EXPERIENCE

Years of Experience:  
**15+**

Years with Firm:  
**10**

## PROJECT SUCCESSES

- X** CV Link, CVAG
- X** SoCal Energy + Water Summit
- X** Green for Life, CVAG

## Cynthia Orozco

Associate, Burke Rix Communications

### SUMMARY QUALIFICATIONS

Cynthia serves as the firm's in-house graphic designer and bilingual communication media specialist. Fluent in both English and Spanish, Cynthia currently provides translation, community outreach and public relations services on a variety of projects. She has years of experience in grassroots outreach and organizing with frontline environmental justice communities.

Cynthia's award-winning creative design can be seen through her work for BRC clients Lombardo Cosmetic Surgery, CV Link, and the Southern California Energy + Water Summit. She is skilled in Adobe Illustrator, InDesign and Photoshop in addition to being a budding professional photographer. Passionate about giving back to the community, she has volunteered for the past several years with Baseball Buddies, FIND Food Bank, Project Santa to the Rescue.

### PROJECT ACHIEVEMENTS

#### CVAG, DESERT COMMUNITY ENERGY, PALM SPRINGS, CA

(2017 – Present) | Graphic Design & Translation

Cynthia has been the graphic design lead on all marketing materials, mailers, and social media graphics. She has also assisted with translation, outreach, workshops, and community events.

#### CVAG, CV LINK, COACHELLA VALLEY, CA

(2012 – Present) | Graphic Design, Translation, Outreach

Since 2012, BRC has been the lead community outreach and marketing consultant on the CV Link project. Cynthia has led all of the graphic design efforts and played a vital role in community outreach through staffing workshops and hundreds of events. Currently, Cynthia provides support on the construction notifications and outreach to Spanish speaking residents.

#### CA NATURAL RESOURCES AGENCY, SALTON SEA MANAGEMENT PROGRAM, RIVERSIDE & IMPERIAL COUNTY, CA

(2017 – Present) | Graphic Design & Outreach

BRC has been tasked by the State to provide community engagement and outreach services for the Salton Sea Management Program that aims to protect public health and restore the environment at California's largest lake. Cynthia has provided critical graphic design services and grassroots outreach.

#### CHELSEA, PUEBLO VIEJO VILLAS, COACHELLA, CA

(2017 – 2020) | Graphic Design & Outreach

Chelsea tasked BRC to provide community outreach and engagement services to support a State grant proposal for the Pueblo Viejo Villas & SunLine Transportation Hub. Cynthia performed extensive outreach and designed bilingual outreach materials that included flyers, mailers and posters.



**EDUCATION**

B.A. University of California, Santa Barbara

**EXPERIENCE**

Years of Experience:  
**25+**

Years with Firm:  
**5**

**PROJECT SUCCESSES**

- X** Desert Community Energy, CVAG
- X** Guide Dogs of the Desert, Whitewater
- X** CV Link, CVAG

**Stephen Heslin**

Owner/Operator, Heslin Cinematic

**SUMMARY QUALIFICATIONS**

Stephen Heslin is a video producer with over 25 years of video storytelling experience. He started his career in the film and television industry working on set as well as in post-production. He then entered the corporate video world where he worked for 15 years helping business like Entertainment Partners craft their messaging through video. From 2017-2019, He ran the day to day operations of the charitable organization, Digicom Learning, one the largest and most impactful programs implementing digital storytelling in K-12 instruction in the nation. Stephen saw an opportunity to help local organizations tell their stories and started his own video production company, Heslin Cinematic. Since then he has helped numerous small businesses, non-profits, real estate agents, and many others achieve their goals through affordable professional videos.

Stephen's skills include:

- » Final Cut Pro X
- » Apple Motion
- » Premiere Pro
- » After Effects
- » Photoshop
- » Illustrator
- » Mocha Pro

**PROJECT ACHIEVEMENTS**

**LGBTQ CENTER OF THE DESERT, PALM SPRINGS, CA**

(2020 – 2023) | Videographer  
The LGBTQ Center of the Coachella Valley struggled during COVID with fundraising virtually like many other organizations. They came up with the idea of presenting their six pillars of growth in video format and revealing them weekly on their website. Stephen helped create the videos as well as craft the stories within those videos to ensure that we were communicating the needs of the community.

**DESERT COMMUNITY ENERGY, PALM SPRINGS, CA**

(2018 – 2023) | Videographer  
Stephen was brought on by Burke Rix Communications to develop a series of bilingual videos to help introduce DCE to the community. In 2023, Stephen worked on the first videos for DCE's Carbon Free Business Recognition Program.

**GUIDE DOGS OF THE DESERT, WHITEWATER, CA**

(2022 – 2022) | Videographer  
Stephen partnered with Burke Rix Communications to develop a video for the Guide Dogs of the Desert 50<sup>th</sup> Anniversary. The video was a big success and heavily used in on broadcast television and social media to promote the organization.

## CHANGES TO PROFESSIONAL SERVICES CONTRACT

BRC has reviewed DCE's standard professional services agreement (Agreement) that was included in the RFP as Attachment "A" and does not have any objections or requested changes to the standard contract language.



## DCE MARKETING AND OUTREACH SERVICES COST PROPOSAL

**Submitted by:**  
**Burke Rix Communications, LLC**  
 431. South Palm Canyon Drive, Suite 206  
 Palm Springs, CA 92262  
 (760) 327-9708  
[www.BurkeRix.com](http://www.BurkeRix.com)

		Hourly Rate	2024-2026																							
			Meetings		Marketing Strategy Implementation & Brand Management		Graphic Design		Printing & Mailing		English/Spanish Translation		Video & Photography		Support for Community Events		Social Media Management		Branding of Customer Program Launches		Community Outreach & Stakeholder Engagement		Website Updates		Grand Total (All Tasks)	
Cost Categories		Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	
Direct Labor Classification(s)																										
Brian Rix, Managing Partner, Project Manager		\$185	45.00	\$ 8,325.00	60.00	\$ 11,100.00	30.00	\$ 5,550.00	30.00	\$ 5,550.00	0.00	\$ -	15.00	\$ 2,775.00	0.00	\$ -	18.00	\$ 3,330.00	50.00	\$ 9,250.00	20.00	\$ 3,700.00	10.00	\$ 1,850.00	278.00	\$ 51,430.00
Josh Zipperman, Senior Associate, Marketing & Outreach Coordinator		\$155	45.00	\$ 6,975.00	50.00	\$ 7,750.00	40.00	\$ 6,200.00	90.00	\$ 13,950.00	15.00	\$ 2,325.00	30.00	\$ 4,650.00	60.00	\$ 9,300.00	210.00	\$ 32,550.00	125.00	\$ 19,375.00	60.00	\$ 9,300.00	50.00	\$ 7,750.00	775.00	\$ 120,125.00
Cynthia Orozco, Associate, Graphic Design & Translation		\$110	0.00	\$ -	15.00	\$ 1,650.00	125.00	\$ 13,750.00	170.00	\$ 18,700.00	60.00	\$ 6,600.00	10.00	\$ 1,100.00	75.00	\$ 8,250.00	10.00	\$ 1,100.00	15.00	\$ 1,650.00	30.00	\$ 3,300.00	5.00	\$ 550.00	515.00	\$ 56,650.00
Subtotal - Direct Labor			70.00	\$ 15,300.00	125.00	\$ 20,500.00	195.00	\$ 25,500.00	290.00	\$ 38,200.00	75.00	\$ 8,925.00	55.00	\$ 8,825.00	135.00	\$ 17,550.00	238.00	\$ 36,980.00	190.00	\$ 30,275.00	110.00	\$ 16,300.00	65.00	\$ 10,150.00	1568.00	\$ 228,205.00
Other Direct Costs (ODC's)																										
Printing (flyers, postcards, brochures, etc)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00	
Promotional Items			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00	
Branded Pop-Up Canopy for Events			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000.00	
Mailchimp Email Marketing Subscription (Monthly \$500)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000.00	
Gsuite Email Hosting (Monthly \$55)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660.00	\$ -	\$ -	\$ 660.00	
Website Plug-in Subscriptions (Annual)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150.00	\$ -	\$ -	\$ 150.00	
Social Media Advertising (Monthly for Facebook/IG)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,400.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,400.00	
Advertising for Branding of Customer Program Launches			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000.00	
Community Event Booth Fees			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00	
Subtotal - ODC's			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500.00	\$ -	\$ 2,400.00	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -	\$ 810.00	\$ -	\$ 43,210.00	
Direct Labor Classification(s)																										
Stephen Heslin, Heslin Cinematic, Video/Photography		\$100	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	140.00	\$ 14,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ 14,000.00
Subtotal - Direct Labor			0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	140.00	\$ 14,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ 14,000.00
GRAND TOTAL			70.00	\$ 15,300.00	125.00	\$ 20,500.00	195.00	\$ 25,500.00	290.00	\$ 45,700.00	75.00	\$ 8,925.00	195.00	\$ 22,525.00	135.00	\$ 25,050.00	238.00	\$ 39,380.00	190.00	\$ 55,275.00	110.00	\$ 16,300.00	65.00	\$ 10,940.00	1568.00	\$ 285,415.00
Check Totals			70.00	\$ 15,300.00	125.00	\$ 20,500.00	195.00	\$ 25,500.00	290.00	\$ 45,700.00	75.00	\$ 8,925.00	195.00	\$ 22,525.00	135.00	\$ 25,050.00	238.00	\$ 39,380.00	190.00	\$ 55,275.00	110.00	\$ 16,300.00	65.00	\$ 10,940.00	1568.00	\$ -
			Variance																				285,415.00			

# PROFESSIONAL SERVICES AGREEMENT

## DCE-23-007

This Professional Services Agreement (“**Agreement**”) is made and entered into on **November 20, 2023**, by and between DESERT COMMUNITY ENERGY, a California joint powers authority (“**DCE**”) and BURKE RIX COMMUNICATIONS, LLC, a California Limited Liability Corporation (“**Consultant**”). DCE and Consultant are sometimes individually referred to as “**Party**” and collectively as “**Parties**.”

### RECITALS

- A. Consultant desires to perform and assume responsibility for the provision of certain professional services required by DCE on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing technical services for DCE’s community choice energy program, is licensed in the State of California, and is familiar with the plans of DCE.
- B. DCE desires to engage Consultant to render such professional services for the implementation of DCE’s community choice energy program (“**Project**”) as set forth in this Agreement.

### AGREEMENT

#### 1. **Scope of Services and Term.**

1.1 General Scope of Services. Consultant promises and agrees to furnish to DCE all labor and services and incidental and customary work necessary to fully and adequately supply DCE the implementation services necessary for the Project (“**Services**”). The Services are more particularly described in Exhibit A attached hereto, and which are stated in the proposal to DCE. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto, and all applicable local, state and federal laws, rules and regulations.

1.2 Term. The term of this Agreement shall be from **January 1, 2024 to December 31, 2026** unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

#### 2. **Responsibilities of Consultant.**

2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. DCE retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of DCE and shall at all times be under Consultant’s exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all

reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services, which is stated in the proposal to DCE and set forth in Exhibit B attached hereto. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, DCE shall respond to Consultant's submittals in a timely manner. Upon request of DCE, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of DCE.

2.4 Substitution of Key Personnel. Consultant has represented to DCE that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of DCE. In the event that DCE and Consultant cannot agree as to the substitution of key personnel, DCE shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to DCE, or who are determined by DCE to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of DCE. The key personnel for performance of this Agreement are as follows:

<u>Staff Member</u>	<u>Title</u>	<u>Project Role</u>
Brian Rix	Managing Partner	Project Manager
Josh Zipperman	Senior Associate	Marketing and Outreach Coordinator
Cynthia Orozco	Associate	Graphic Design & Translation
Stephen Heslin	Associate	Video Producer

2.5 DCE's Representative. DCE hereby designates the Executive Officer, or designee, to act as its representative for the performance of this Agreement ("**DCE's Representative**"). DCE's Representative shall have the w to act on behalf of DCE for all purposes under this Agreement. Consultant shall not accept direction or orders from any person other than DCE's Representative, or designee.

2.6 Consultant's Representative. Consultant hereby designates **Brian Rix**, or his or her designee, to act as its Representative for the performance of this Agreement ("**Consultant's Representative**"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative

shall supervise and direct the Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

2.7 Coordination of Services. Consultant agrees to work closely with DCE staff in the performance of Services and shall be available to DCE's staff, consultants and other staff at all reasonable times.

2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from DCE, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its subcontractors who is determined by DCE to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to DCE, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to DCE, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold DCE, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

2.10 Insurance.

2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to DCE that it has secured all insurance required under this section, in a form and with insurance companies acceptable to DCE. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to DCE that the subcontractor has secured all insurance required under this section.



2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001 or exact equivalent); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage (form CA 0001, code 1 (any auto) or exact equivalent); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence, \$2,000,000 for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability Coverage of at least \$1,000,000 per accident for bodily injury or disease.

2.10.3 Professional Liability. Consultant shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following completion of the Services, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$1,000,000 per claim and in the aggregate. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by DCE to add the following provisions to the insurance policies:

(A) General Liability.

(i) Commercial General Liability Insurance must include coverage for (1) Bodily Injury and Property Damage; (2) Personal Injury/Advertising Injury; (3) Premises/Operations Liability; (4) Products/Completed Operations Liability; (5) Aggregate Limits that Apply per Project; (6) Explosion, Collapse and Underground (UCX) exclusion deleted; (7) Contractual Liability with respect to this Agreement; (8) Broad Form Property Damage; and (9)

#### Independent Consultants Coverage.

(ii) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(iii) The policy shall give DCE, its directors, officials, officers, employees, and agents insured status using ISO endorsement forms 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(iv) The additional insured coverage under the policy shall be “primary and non-contributory” and will not seek contribution from DCE’s insurance or self-insurance and shall be at least as broad as CG 20 01 04 13, or endorsements providing the exact same coverage.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) DCE, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects DCE, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant’s scheduled underlying coverage. Any insurance or self-insurance maintained by DCE, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant’s insurance and shall not be called upon to contribute with it in any way.

(C) Workers’ Compensation and Employers Liability Coverage.

(i) Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and Consultant will comply with such provisions before commencing work under this Agreement.

(ii) The insurer shall agree to waive all rights of subrogation against DCE, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Defense costs shall be payable in addition to the limits set forth hereunder. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth herein shall be available to DCE, its directors, officials, officers, employees and agents as additional insureds under said policies. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified

in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named insured; whichever is greater.

(i) The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of DCE (if agreed to in a written contract or agreement) before DCE's own insurance or self-insurance shall be called upon to protect it as a named insured. The umbrella/excess policy shall be provided on a "following form" basis with coverage at least as broad as provided on the underlying policy(ies).

(ii) Consultant shall provide DCE at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to DCE at least ten (10) days prior to the effective date of cancellation or expiration.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by DCE, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(v) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, DCE has the right but not the duty to obtain the insurance it deems necessary and any premium paid by DCE will be promptly reimbursed by Consultant or DCE will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, DCE may cancel this Agreement. DCE may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(vi) Neither DCE nor any of its directors, officials, officers, employees or agents shall be personally responsible for any liability arising under or by virtue of this Agreement.

#### 2.10.5 Separation of Insureds; No Special Limitations. All insurance required by

this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to DCE, its directors, officials, officers, employees, agents and volunteers.

2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by DCE. Consultant shall guarantee that, at the option of DCE, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects DCE, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, licensed to do business in California, and satisfactory to DCE.

2.10.8 Verification of Coverage. Consultant shall furnish DCE with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to DCE. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by DCE if requested. All certificates and endorsements must be received and approved by DCE before work commences. DCE reserves the right to require complete, certified copies of all required insurance policies, at any time.

2.10.9 Subcontractor Insurance Requirements. Consultant shall not allow any subcontractors to commence work on any subcontract until they have provided evidence satisfactory to DCE that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors shall be endorsed to name DCE as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, DCE may approve different scopes or minimum limits of insurance for particular subcontractors.

2.10.10 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

### **3. Fees and Payments.**

3.1 Compensation. Consultant shall receive compensation, including authorized

reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit C, attached hereto. The total compensation shall not exceed **\$285,415** without written approval of DCE's Board of Directors. Extra Work may be authorized, as described below, and, if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.2 Payment of Compensation. Consultant shall submit to DCE a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. DCE shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by DCE.

3.4 Extra Work. At any time during the term of this Agreement, DCE may request that Consultant perform Extra Work. As used herein, "**Extra Work**" means any work which is determined by DCE to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from DCE's Representative.

4. **Accounting Records.** Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of DCE during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

## 5. **General Provisions.**

### 5.1 Termination of Agreement.

5.1.1 Grounds for Termination. DCE may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to DCE, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, DCE may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other

information within fifteen (15) days of the request.

5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, DCE may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

**Consultant:** Burke Rix Communications, LLC  
431 S. Palm Canyon Drive, Suite 206  
Palm Springs, CA 92262

**DCE:** Desert Community Energy  
73710 Fred Waring Drive, Suite 200  
Palm Desert, CA 92260

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

5.3 Ownership of Materials and Confidentiality.

5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for DCE to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“**Documents & Data**”). Consultant shall require all subcontractors to agree in writing that DCE is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by DCE. DCE shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at DCE’s sole risk.

5.3.2 Intellectual Property. In addition, DCE shall have and retain all right, title and interest (including copyright, patent, trade secret and other proprietary rights) in all plans, specifications, studies, drawings, estimates, materials, data, computer programs or software and source code, enhancements, documents, and any and all works of authorship fixed in any tangible medium or expression, including but not limited to, physical drawings or other data magnetically

or otherwise recorded on computer media (“**Intellectual Property**”) prepared or developed by or on behalf of Consultant under this Agreement as well as any other such Intellectual Property prepared or developed by or on behalf of Consultant under this Agreement.

DCE shall have and retain all right, title and interest in Intellectual Property developed or modified under this Agreement whether or not paid for wholly or in part by DCE, whether or not developed in conjunction with Consultant, and whether or not developed by Consultant. Consultant will execute separate written assignments of any and all rights to the above referenced Intellectual Property upon request of DCE.

Consultant shall also be responsible to obtain in writing separate written assignments from any subcontractors or agents of Consultant of any and all right to the above referenced Intellectual Property. Should Consultant, either during or following termination of this Agreement, desire to use any of the above-referenced Intellectual Property, it shall first obtain the written approval of DCE.

All materials and documents which were developed or prepared by the Consultant for general use prior to the execution of this Agreement and which are not the copyright of any other party or publicly available and any other computer applications, shall continue to be the property of the Consultant. However, unless otherwise identified and stated prior to execution of this Agreement, Consultant represents and warrants that it has the right to grant the exclusive and perpetual license for all such Intellectual Property as provided herein.

DCE further is granted by Consultant a non-exclusive and perpetual license to copy, use, modify or sub-license any and all Intellectual Property otherwise owned by Consultant which is the basis or foundation for any derivative, collective, insurrectional, or supplemental work created under this Agreement.

**5.3.3 Confidentiality.** All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of DCE, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use DCE’s name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of DCE.

**5.3.4 Infringement Indemnification.** Consultant shall defend, indemnify and hold DCE, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by DCE of the Documents & Data, including any method,

process, product, or concept specified or depicted.

5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

5.6 Indemnification. To the fullest extent permitted by law, Consultant shall defend (with counsel of DCE's choosing), indemnify and hold DCE, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against DCE, its directors, officials, officers, employees, agents or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against DCE or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse DCE and its directors, officials, officers, consultants, employees, agents and/or volunteers, for any and all legal expenses and costs, including reasonable attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, DCE, its officials, officers, employees, agents, or volunteers. This section shall survive any expiration or termination of this Agreement.

5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County, California.

5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

5.10 DCE's Right to Employ Other Consultants. DCE reserves right to employ other consultants in connection with this Project.

5.11 Successors and Assigns. This Agreement shall be binding on the successors and



assigns of the Parties.

5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of DCE. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to DCE include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, DCE shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of DCE, during the term of his or her service with DCE, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

5.19 Equal Opportunity Employment and Subcontracting. Consultant represents that it

is an equal opportunity employer and it shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of applicants, employees, subcontractors, vendors, or suppliers. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Further, Consultant shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation, or to undertake self- insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

5.23 Subcontracting. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of DCE. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Parties have made and executed this Agreement as of the date first written above.

**DESERT COMMUNITY ENERGY**

**CONSULTANT**

By : \_\_\_\_\_  
Name: Tom Kirk \_\_\_\_\_  
Title: Executive Director \_\_\_\_\_

By : \_\_\_\_\_  
Name: Brian Rix \_\_\_\_\_  
Title: Managing Partner \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary, DCE

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel

**EXHIBIT A**  
**SCOPE OF SERVICES**

Refer to following pages.

DRAFT

# SECTION 3:

## Work Plan

### SCOPE OF WORK

The BRC team is intimately familiar with DCE through our work to help launch the program and in performing marketing and outreach services for the past several years. We understand the program needs and have insight into the opportunities for growth. Our local team can apply this experience to hit the ground running while being providing significant cost savings to DCE. Below is our proposed scope of work addressing the services outlined in the RFP.

#### 1. Project Management for each of the following services:

##### A. Marketing Strategy Implementation and Brand Management

The marketing strategy for DCE has recently focused primarily on promoting energy savings in the warmer summer months when rates are high and encouraging customers to go carbon free and do their part to fight climate change in the cooler winter months when rates are lower. DCE's marketing tools consist of the project website, social media channels, and notifications sent via mail and email. This includes the OhmConnect partnership that provides financial incentives to save during peak energy times when the grid is strained, and rates are the highest.

BRC has successfully developed and implemented the marketing strategy as well as managed the DCE brand. Based on this experience, our team will collaborate with DCE staff to develop an annual marketing and advertising plan that would outline the program's overall goals, campaigns, targeted audiences, messaging, timelines, assets/resources needed, estimated costs, and metrics for success. We would also suggest that the plan include a focus on communications and outreach identifying strategies for engagement as well as protocols and procedures for interfacing with the public.

One constant challenge for DCE in Palm Springs is helping the community understand why the program was formed, its goals and benefits. We would

recommend for consideration that the plan include a strategy to reintroduce DCE to the community in various marketing and engagement efforts for not just existing customers but for new ones as well. Updating and augmenting our notices welcoming customers to DCE and the benefits of going Carbon Free would be one such example. Another recommendation is for DCE to create a local public benefit such as a rebate or incentive that could be used to promote the program show how we are investing back into the community. There are just a few of the ideas that we would like to collaborate on with the DCE team.

## **B. Graphic Design**

BRC's Cynthia Orozco has led the design effort for our team on all DCE materials to date. This includes presentations, collateral materials, signage, printed and digital advertisements, mailers, promotional materials, and graphics for social media, emails and the project website. BRC's Brian Rix and Josh Zipperman provide the creative direction and oversight to ensure that every piece is a success. We are confident in our ability to continue providing engaging and appealing designs to maintain the DCE brand and trust in the public eye.

## **C. Printing and Mailing**

For the initial DCE launch, BRC recommended using ACE Printing in Palm Springs for all program printing and mailing. Over the past several years, DCE had great success in using ACE to send out hundreds of thousands of notices that involves complex management of private customer data that changes for each mailer. BRC has successfully coordinated with ACE Printing to develop production schedules, price quotes, and print ready artwork. Our firm works with ACE on many other projects and highly recommends that DCE continue to use ACE. We stand ready to continue providing project management services for all DCE printing and mail needs.

## **D. English/Spanish Translation**

BRC strongly believes in eliminating barrier to access especially for the Latino population that makes up the majority of the Coachella Valley. Our team helps ensure that all the materials for every one of our projects is translated into Spanish and that interpreters are present at public meetings. We have brought this mindset and value to everything we do on for DCE. BRC's Cynthia Orozco is bilingual and has years of experience translating materials on projects including DCE. She also supports our outreach efforts to the Latino community and provides translation at events. BRC also maintains a network of professional translators for technical documents and public meetings.



## E. Video and Photography

BRC has partnered with Heslin Cinematic to provide professional videography services for DCE. Heslin has been telling stories visually for over 25 years and won many awards for his work. Our firms have worked together on the DCE launch videos and recently the Carbon Free Business Recognition Program videos. As a Palm Springs local, Stephen is familiar with DCE and the local community. This allows him to not only respond quickly to any video needs at a very competitive rate but also help tell our story. Stephen is well known throughout the community for his work with community leaders, businesses, and non-profits. BRC has also worked with Heslin Cinematic on videos for CV Link and many other projects. We have an established process for pre-production where we collaborate on ideas, develop the script, and identify the shots and overall feel of the piece. In post-production, our team works together to present clients with a polished product that usually requires very few edits. Stephen also does professional photography and BRC's Orozco also serves as our in-house photographer. Together we bring a seasoned and professional team to DCE.

**Heslin**  
CINEMATIC





## F. Support for Community Events

The BRC team has extensive experience supporting clients in showcasing their brand and engaging the community at events. We have staffed hundreds of community events on the CV Link project and several events a year for DCE. We have developed the DCE booth complete with a branded tablecloth, banners, t-shirts for staff, and a full suite of bilingual informational materials. To help engage the community, we also developed free promotional materials that included earth tote bags and stickers as well as a kids coloring book and bookmark. We find it critically important for DCE to have a presence at community events and interface with customers. Our team is able to promote programs, answer questions, and generate excitement for DCE. In looking ahead, we believe that it would only benefit DCE to participate in even more community events and our knowledge and local team can help accomplish that with ease.



In addition to community events, BRC has provided DCE with planning and support for community workshops and a media event with the City of Palm Springs for the signing of a power purchase agreement with a local wind farm. BRC assisted in coordinating logistics with the city, developing talking points for elected officials, and securing media coverage. The event received front page coverage in The Desert Sun and a featured story on KESQ news.

## G. Social Media Management

Our team has managed DCE's social media networks; Facebook, Instagram and X (formerly Twitter) with curated content to raise awareness and engage the community. We develop the strategy, schedule of posts, and content for

each platform. Because our team is local, we not only monitor the DCE networks but other channels as well such as the Palm Springs Neighborhood group and NextDoor. This allows our team to quickly respond to comments and flag issues for the DCE team.

Another key effort related to DCE's social media networks is raising awareness surrounding statewide Flex Alerts. Our team closely monitors for alerts and has developed engaging DCE videos and graphics to educate customers what to do before and during a Flex Alert. We also utilize our email marketing and website to share alerts.

In looking ahead, we have proposed an increase in our paid media budget to boost engagement and widen our exposure. We also propose cross posting to other local Facebook groups and expanding our presence to other platforms such as TikTok and Threads where there is growing traction among users. We also feel that it would be beneficial to update our prepared responses to questions. Our marketing and communications plan would help keep our responses on message and identify protocols for responding to comments.

## 2. Branding of Customer Program Launches

Earlier this year, we began working with DCE on a Carbon Free Green Business Recognition Program. We developed a plan and suite of materials for the program that included a brochure, window decal, webpage, and a series of videos to celebrate a myriad of our carbon free businesses. These materials still need to be finalized and go live so that outreach efforts for the program can begin.



Having helped develop this recognition program and materials, we are passionate about seeing it come to fruition and believe that firm is best suited to carry it forward. We have the local relationships with the business community in Palm Springs and the Palm Springs Bureau of Tourism and Greater PS CVB. Our proposed budget includes what we feel is a significant investment towards this program that will make businesses feel that there is a return on their investment in DCE and commitment in going Carbon Free. By heavily promoting the businesses in the program and by showcasing them through bureaus of tourism, we feel that the program can encourage others to go carbon free and promote the region as an eco-destination.

### 3. Community Outreach and Stakeholder Engagement

BRC has performed a variety of outreach and engagement efforts for DCE that has included community workshops, presentations, and grassroots outreach to residents and businesses. We believe in being proactive to keep the community informed and identify what needs to improve. BRC has supported DCE's Community Advisory Committee and stands ready to help re-engage when ready. Our team also feels that increased involvement with ONE-PS and a series of informative meetings with various business and residential groups would increase the community's understanding of DCE's benefits, dispel common misconceptions, and most importantly discourage people from opting out of the program.

Another big focus area for DCE in terms of outreach and engagement centers around solar NEM and financial assistance customers. BRC would like to assist DCE in collaborating with solar vendors to earn their support and develop tools to better educate their customers. BRC can also help with outreach and engagement efforts for CARE/FERA and Medical Baseline Allowance customers. One example of this would be to create a mailer and/or colleterial to promote bill assistance programs.

### 4. Website Updates

BRC has helped manage the DCE website by updating content and collaborating with the developer on fixes and improvements. Our team has also helped train DCE staff on how to make changes. The DCE website was initially designed and organized by another consultant early in the project. BRC proposes to assist DCE in re-organizing the site and updating content. For example, we would suggest making the homepage more dynamic with rotating content that could highlight key topics such as energy saving tips, TOU plan information, Flex Alerts, etc. We feel that the core benefits of the program should also be featured more prominently on the homepage to help the community understand and buy into DCE's mission. Other pages such as the Understanding My Bill, Financial Assistance, and the Save Energy & Money pages could also be updated. Our team would also help update content for the OhmConnect program and current rebates. BRC maintains a positive working relationship with the original developer of the site, White Rabbit, and can collaborate further to identify additional improvements. We also work closely with other developers should DCE wish to pursue another vendor or develop a new site. In summary, we have the expertise to continue managing the DCE site and support its future development.

## RESPONSIBILITY MATRIX

The below matrix details a breakdown of key responsibilities by personnel for each task identified in the scope of work.

P = Primary Responsibility S = Support Role R = Review A = Approve C = Consult if Necessary	DCE	BRC Project Manager	BRC Marketing & Outreach	Graphic Design & Translation	Videography & Photography
Task	DCE Staff	Brian Rix	Josh Zipperman	Cynthia Orozco	Stephen Heslin
<b>1. Project Management</b>	A	P	S		
Marketing Strategy Implementation & Brand Mgmt	A	P	S	C	
Graphic Design	A	R	S	P	
Printing and Mailing	A	R	P	S	
English/Spanish Translation	A	C	S	P	
Video and Photography	A	R	S	S	P
Support for Community Events	A	C	P	S	
Social Media Management	A	C	P	S	C
<b>2. Branding of Customer Program Launches</b>	A	P	S	C	
<b>3. Community Outreach and Stakeholder Engagement</b>	A	R	P	S	
<b>4. Website Updates</b>	A	R	P	S	

## METHODS FOR QUALITY, BUDGET, AND SCHEDULE CONTROL

BRC takes pride in going above and beyond for every single one of our clients by being accessible and highly responsive while delivering the highest quality of work product. The firm maintains a balanced portfolio ensuring that each of our clients receive the best possible service with the active engagement from senior partners and staff. BRC Brian Rix will be actively involved in all aspects of the project to ensure there is quality control and accountability for our team. Brian will track the performance of tasks to make sure they are completed on schedule and within budget. BRC has never gone over budget on a project and often manages to preserve budget for contingencies.

One of the lessons we learned is that having regular meetings with clients is incredibly helpful to maintaining the schedule and keeping the entire team up to speed on project updates. We also find that regular meetings are very useful in planning ahead.

All the work performed by BRC will be managed and stored in a document control system accessible to DCE. This allows our teams to quickly share information, stay organized, and track progress on activities.

Lastly, Brian will also work closely with the DCE team to perform an annual evaluation of our performance so that we provide even greater service!

**EXHIBIT B**  
**SCHEDULE OF SERVICES**

Refer to following pages.

DRAFT



## PROJECT SCHEDULE AND DEADLINES

Below is our detailed preliminary schedule identifying each task and deadline. This schedule can be easily adjusted as the project moves forward. We strive to be flexible to accommodate our clients' needs and as demonstrated throughout this proposal, the BRC team is ready to hit the ground running to continue our work for DCE.

TASK NAME	Half 1 2024						Half 2 2024						Half 1 2025						Half 2 2025						Half 1 2026						Half 2 2026							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec		
Project Kick-Off																																						
Project Management																																						
A. Marketing Strategy Implementation & Brand Mgmt																																						
Develop Marketing & Advertising Plan for 2024																																						
Finalize Plan & Implement																																						
Annual Update of Plan																																						
Graphic Design (ongoing as needed)																																						
Develop/Update DCE Program Brochure/Card																																						
Develop NEM Collateral																																						
Develop CARE/FERA Collateral																																						
Printing & Mailing (including eblast)																																						
Joint Rate Mailer (includes graphic design)																																						
Power Content Label Mailer (includes graphic design)																																						
NEM True-Up Mailer (includes graphic design)																																						
Business Welcome Mailer (sent throughout the year)																																						
Develop mailer (includes graphic design)																																						
Mail (sent throughout the year)																																						
English/Spanish Translation (perform as needed)																																						
Joint Rate Mailer																																						
Power Content Label Mailer																																						
NEM True-Up Mailer																																						
Business Welcome Mailer																																						
Videos & Photography (perform as needed)																																						
Support for Community Events (perform as needed)																																						
Black History Month Parade and Expo																																						
ONE-PS Community Picnic																																						
DAP Health Equity Walk																																						
Promotional Materials (Evaluate/Create/Order)																																						
Social Media Management																																						
Develop Annual Strategy																																						
Draft Calendar of Posts & Graphics (1 month prior to post)																																						
Approval from DCE & Schedule																																						
Monitor Comments & Respond																																						
Branding of Customer Program Launches																																						
Promote Businesses (Manage Social Media Ads)																																						
Outreach to Business Groups																																						
Onboard New Businesses (Video, Photos, Testimonials)																																						
Develop Program with PS Bureau & CVB																																						
Update Website & Build Directory of Businesses																																						
Review Performance & Collect Feedback																																						
Evaluate Program																																						
Community Outreach & Stakeholder Engagement																																						
NEM Customer Outreach																																						
CARE/FERA Customer Outreach																																						
Website Updates																																						
Review Website & Propose Updates																																						
Perform Updates																																						
Update Site As Needed																																						

**EXHIBIT C**

**COMPENSATION BILLING RATES**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Hourly Rate</u></b>
<b>Brian Rix</b>	<b>Managing Partner, Project Manager</b>	<b>\$185</b>
<b>Josh Zipperman</b>	<b>Senior Associate, Marketing and Outreach Coordinator</b>	<b>\$155</b>
<b>Cynthia Orozco</b>	<b>Associate, Graphic Design and Translation</b>	<b>\$110</b>



# SUMMARY OF COST PROPOSAL

Cost Categories	Hourly Rate								
				Task 1A		Task 1B		Task 1C	
		Meetings		Marketing Strategy Implementation & Brand Management		Graphic Design		Printing & Mailing	
		Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount
<b><u>Direct Labor Classification(s)</u></b>									
Brian Rix, Managing Partner, Project Manager	\$185	45.00	\$ 8,325.00	60.00	\$ 11,100.00	30.00	\$ 5,550.00	30.00	\$ 5,550.00
Josh Zipperman, Senior Associate, Marketing & Outreach Coordinator	\$155	45.00	\$ 6,975.00	50.00	\$ 7,750.00	40.00	\$ 6,200.00	90.00	\$ 13,950.00
Cynthia Orozco, Associate, Graphic Design & Translation	\$110	0.00	\$ -	15.00	\$ 1,650.00	125.00	\$ 13,750.00	170.00	\$ 18,700.00
<b>Subtotal - Direct Labor</b>		<b>90.00</b>	<b>\$ 15,300.00</b>	<b>125.00</b>	<b>\$ 20,500.00</b>	<b>195.00</b>	<b>\$ 25,500.00</b>	<b>290.00</b>	<b>\$ 38,200.00</b>
<b><u>Other Direct Costs (ODC's)</u></b>									
Printing (flyers, postcards, brochures, etc)			\$ -		\$ -		\$ -		\$ 1,500.00
Promotional Items			\$ -		\$ -		\$ -		\$ -
Branded Pop-Up Canopy for Events			\$ -		\$ -		\$ -		\$ -
Mailchimp Email Marketing Subscription (Monthly \$500)			\$ -		\$ -		\$ -		\$ 6,000.00
Gsuite Email Hosting (Monthly \$55)			\$ -		\$ -		\$ -		\$ -
Website Plug-in Subscriptions (Annual)			\$ -		\$ -		\$ -		\$ -
Social Media Advertising (Monthly for Facebook/IG)			\$ -		\$ -		\$ -		\$ -
Advertising for Branding of Customer Program Launches			\$ -		\$ -		\$ -		\$ -
Community Event Booth Fees			\$ -		\$ -		\$ -		\$ -
<b>Subtotal - ODC's</b>			<b>\$ -</b>		<b>\$ -</b>		<b>\$ -</b>		<b>\$ 7,500.00</b>
<b><u>Direct Labor Classification(s)</u></b>									
Stephen Heslin, Heslin Cinematic, Video/Photography	\$100	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -
<b>Subtotal - Direct Labor</b>		<b>0.00</b>	<b>\$ -</b>	<b>0.00</b>	<b>\$ -</b>	<b>0.00</b>	<b>\$ -</b>	<b>0.00</b>	<b>\$ -</b>
<b>GRAND TOTAL</b>		<b>90.00</b>	<b>\$ 15,300.00</b>	<b>125.00</b>	<b>\$ 20,500.00</b>	<b>195.00</b>	<b>\$ 25,500.00</b>	<b>290.00</b>	<b>\$ 45,700.00</b>

# SUMMARY OF COST PROPOSAL

2024-2026													
Task 1D		Task 1E		Task 1F		Task 1G		Task 2		Task 3		Task 4	
English/Spanish Translation		Video & Photography		Support for Community Events		Social Media Management		Branding of Customer Program Launches		Community Outreach & Stakeholder Engagement		Website Updates	
Grand Total (All Tasks)													
Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount
0.00	\$ -	15.00	\$ 2,775.00	0.00	\$ -	18.00	\$ 3,330.00	50.00	\$ 9,250.00	20.00	\$ 3,700.00	10.00	\$ 1,850.00
15.00	\$ 2,325.00	30.00	\$ 4,650.00	60.00	\$ 9,300.00	210.00	\$ 32,550.00	125.00	\$ 19,375.00	60.00	\$ 9,300.00	50.00	\$ 7,750.00
60.00	\$ 6,600.00	10.00	\$ 1,100.00	75.00	\$ 8,250.00	10.00	\$ 1,100.00	15.00	\$ 1,650.00	30.00	\$ 3,300.00	5.00	\$ 550.00
75.00	\$ 8,925.00	55.00	\$ 8,525.00	135.00	\$ 17,550.00	238.00	\$ 36,980.00	190.00	\$ 30,275.00	110.00	\$ 16,300.00	65.00	\$ 10,150.00
	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ 1,500.00
	\$ -		\$ -		\$ 4,000.00		\$ -		\$ -		\$ -		\$ 4,000.00
	\$ -		\$ -		\$ 2,000.00		\$ -		\$ -		\$ -		\$ 2,000.00
	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ 6,000.00
	\$ -		\$ -		\$ -		\$ -		\$ -		\$ 660.00		\$ 660.00
	\$ -		\$ -		\$ -		\$ -		\$ -		\$ 150.00		\$ 150.00
	\$ -		\$ -		\$ -		\$ 2,400.00		\$ -		\$ -		\$ 2,400.00
	\$ -		\$ -		\$ -		\$ -		\$ 25,000.00		\$ -		\$ 25,000.00
	\$ -		\$ -		\$ 1,500.00		\$ -		\$ -		\$ -		\$ 1,500.00
	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
	\$ -		\$ -		\$ 7,500.00		\$ 2,400.00		\$ 25,000.00		\$ -		\$ 810.00
	\$ -		\$ -		\$ 7,500.00		\$ 2,400.00		\$ 25,000.00		\$ -		\$ 810.00
0.00	\$ -	140.00	\$ 14,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -
0.00	\$ -	140.00	\$ 14,000.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -
75.00	\$ 8,925.00	195.00	\$ 22,525.00	135.00	\$ 25,050.00	238.00	\$ 39,380.00	190.00	\$ 55,275.00	110.00	\$ 16,300.00	65.00	\$ 10,960.00

## **ITEM 7D**

### **Desert Community Energy Board November 20, 2023**



#### **STAFF REPORT**

**Subject:** Cost-free nuclear energy generation allocations from SCE and PG&E

**Contact:** David Freedman, Program Manager ([dfreedman@cvag.org](mailto:dfreedman@cvag.org))

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**Recommendation:** Authorize the Executive Director to elect for DCE to receive its pro rata allocations of nuclear energy generation from Southern California Edison (SCE) and Pacific Gas and Electric (PG&E), at no additional cost to DCE

**Background:** At its March 2018 meeting, in anticipation of DCE's expected launch that summer, the DCE Board approved DCE's energy product offerings and decided that they would not include nuclear power. This decision was consistent with the state's nuclear energy policy at that time. In January 2018, the California Public Utilities Commission (CPUC) had approved Pacific Gas and Electric's (PG&E) proposal to retire its Diablo Canyon Nuclear Power Plant (Diablo Canyon) in 2024 and 2025, when its federal licenses expire.

But views have changed over time: On September 2, 2022, Governor Newsom signed Senate Bill (SB) 846, which allows for the potential extension of operations at Diablo Canyon beyond the current federal license retirement dates, and up to five additional years. This staff report outlines the ability for DCE to accept allocations of nuclear energy from PG&E generated at Diablo Canyon during the extension period, as well as from Southern California Edison's (SCE) 15.8% share of the nuclear energy generated by the Palo Verde Generating Station in Arizona (Palo Verde) at no additional cost to DCE, should the Board agree to modify DCE's power sources consistent with the state's new nuclear energy policy.

#### *SCE – Palo Verde*

Pursuant to CPUC Decision 21-05-030, SCE offers each load-serving entity (LSE) in its service territory including DCE an allocation on behalf of their customers of the greenhouse gas (GHG)-free energy of certain resources in SCE's portfolio, provided the party affirmatively elects to accept such an allocation. The GHG-free energy is derived from the hydroelectric and nuclear energy generating facilities in SCE's eligible resource portfolio. DCE is not charged a cost to receive its customers' pro-rata allocation of SCE's GHG-free energy because these customers already pay their pro-rata share of the net costs of SCE's GHG-free energy resources through the Power Cost Indifference Adjustment (PCIA), the CPUC-approved "exit fee" charged to customers leaving the incumbent utility to join a Community Choice Aggregator such as DCE.

On November 3, 2023, SCE sent DCE its Standard Offer Term Sheet for allocation of GHG-free energy in 2024. DCE must inform SCE by December 4 whether DCE wishes to accept its allocation of energy from SCE's hydroelectric energy generating facilities and Palo Verde. In past years, DCE has accepted the hydroelectric energy allocation but has not accepted the nuclear energy allocation, in accordance with the policy that the Board adopted in March 2018.

#### *PG&E – Diablo Canyon*

In SB 846, the state Legislature determined that preserving the option of continued operations of Diablo Canyon for an additional five years beyond 2025 may be necessary to improve statewide energy system reliability and to reduce the emissions of GHG while additional renewable energy and zero-carbon resources come online, until those new renewable energy and zero-carbon resources are adequate to meet demand. The Legislature declared that seeking to extend Diablo Canyon's operations is prudent, cost effective, and in the best interests of all California electricity customers.

SB 846 directed the CPUC to determine various issues in connection with the Diablo Canyon extension. On October 26, 2023, the CPUC issued a Proposed Decision, which the CPUC is currently scheduled to consider at its November 30 Voting Meeting. The Proposed Decision among other things allocates the costs and benefits of the extended operations among all LSEs subject to the CPUC's jurisdiction, including DCE.

Under the Proposed Decision, DCE would receive an allocation of its pro rata share of the GHG-free benefits from Diablo Canyon nuclear generation, which DCE could accept by executing a sales agreement with PG&E. SB 846 requires all LSEs subject to the CPUC's jurisdiction to pay for the costs of Diablo Canyon's extended operations, whether they accept the allocation of the GHG-free benefits from Diablo Canyon or not. The Proposed Decision states that each of the Investor-Owned Utilities including SCE shall include charges for Diablo Canyon extended operations in their public purpose program rates, which DCE customers pay via the SCE delivery charges on their bills.

With this item, staff recommends that the Board authorize the Executive Director to elect for DCE to receive its pro rata allocation of nuclear energy from SCE's share of Palo Verde in 2024 and future years, and to accept for DCE to receive its pro rata allocation of the GHG-free benefits of nuclear energy from Diablo Canyon when offered by PG&E pursuant to SB 846. While accepting these allocations represents a change in DCE's power source policy, that change would be consistent with the state's policy as reflected in SB 846. Based on estimates prepared by DCE's consultant The Energy Authority, the annual allocation from Palo Verde would be approximately 30,000 megawatt hours (MWh) and from Diablo Canyon would be approximately 40,000 MWh, representing approximately 7.5% and 10% respectively of DCE's annual load of approximately 400,000 MWh.

Staff will continue to monitor state nuclear energy policy. If the Board approves the above recommendation, staff will bring back to the Board reconsideration of DCE's nuclear energy policy as the state achieves its GHG reduction goals, including the elimination of coal as an energy source. As noted in DCE's Power Content Label that the Board approved at its last meeting, in 2022 coal represented 2.1% of the 2022 California power mix.

**Fiscal Analysis:** There is no additional cost for this item. DCE customers already pay for the generation of nuclear energy at Palo Verde via the PCIA charges on their SCE bills. They will pay the costs for the generation of nuclear power at Diablo Canyon via the public purpose program charges on their SCE bills assuming the CPUC approves the Proposed Decision in its current form. In accordance with SB 846 and CPUC directives, these payments by DCE customers will occur whether DCE elects to receive its pro rata allocations of nuclear energy generation from SCE and PG&E or not.

Accepting allocations of GHG-free nuclear energy from SCE and PG&E that DCE customers will pay for in any case would save them approximately \$770,000 per year, based on current prices for hydroelectric energy, the alternative GHG-free energy source. These savings will contribute to DCE's reserves, which can be used for rate stabilization, programs for DCE customers and other uses in accordance with DCE Policy No. 18-10 Financial Reserve Policy as amended by the Board at its June 2023 meeting.

## ITEM 7E

### Desert Community Energy Board November 20, 2023



#### STAFF REPORT

**Subject:** Guaranty of DCE's Obligations to The Energy Authority

**Contact:** David Freedman, Program Manager ([dfreedman@cvag.org](mailto:dfreedman@cvag.org))

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**Recommendation:** Authorize the Executive Director to take the necessary steps to secure from the City of Palm Springs a guaranty of DCE's power procurement obligations to The Energy Authority, not to exceed \$25 million

**Background:** Since January 2018, The Energy Authority, Inc. (TEA), has provided operational services to DCE, including power procurement and supply, credit support and analysis, power purchase agreement negotiation, rate design, risk management, financial planning, scheduling coordination, and related services, all of which would otherwise require significant staffing and financial resources if managed internally by DCE. TEA is a non-profit corporation providing wholesale power and portfolio management services to more than 50 public power agencies across the country. TEA is currently providing operational services to several other Community Choice Aggregators in California, including Redwood Coast Energy Authority and Valley Clean Energy Alliance.

TEA's services are carried out under its Resource Management Agreement (RMA) with DCE. Under the RMA, DCE's power procurement not covered by long-term agreements are executed by TEA, using TEA's counterparty credit and contracts. These purchases are currently guaranteed by two of TEA's Equity Owners (EOs), who are public power agencies. In exchange for using TEA credit and contracts, DCE pays TEA a \$1.00/Megawatt hour (MWh) "credit solution fee." The cost to DCE customers of this credit solution is about \$400,000 per year. The credit solution fee has always been intended as an interim solution that enables DCE to procure power until DCE establishes credit worthiness on a stand-alone basis.

The RMA expires on January, 22, 2024. In connection with an amendment extending its term another three years, TEA advised DCE staff that its EOs intend to cease providing guaranties of DCE's credit solution, effective December 29, 2023.

DCE staff has evaluated the limited feasible alternative options, such as expanding the existing revolving line of credit with River City Bank (RCB) or obtaining other commercial lines of credit. Staff has concluded that the most efficient, and least cost option, for replacing the TEA credit solution is for the City of Palm Springs to guaranty market purchases executed by TEA for the benefit of DCE customers. Based on TEA's analysis of DCE's market exposure, the City of Palm Springs guaranty would be for an amount not to exceed \$25 million. This guaranty amount was derived by TEA's credit risk team and reviewed by DCE staff and includes three key metrics: i) prior month activity that has been billed; ii) current month activity that has not been billed; and iii) mark-to-market exposure on fixed-priced energy contracts that DCE has entered into with TEA for future periods.

TEA's credit and risk group assesses the City of Palm Springs as a financially strong, creditworthy entity in contrast to DCE, which currently has no formal credit rating. With the City's guaranty, TEA would continue transacting on DCE's behalf using TEA's credit and contracts. However, TEA would remove the first priority security interest and lien on DCE financial reserves and the credit solution fee. In essence, TEA would treat DCE like its traditional public power electric utility clients.

DCE staff, supported by TEA, have been in the process of developing DCE's long-term power portfolio since prior to program launch in April 2020. This work is ongoing with the expectation that future long-term contracts will both reduce DCE's need to procure short-term power supplies in the more expensive and volatile CAISO spot market and reduce/stabilize DCE's overall power costs. As part of this effort, there may be opportunities for DCE to develop additional resources and programs local to Palm Springs.

The City's guaranty to TEA would be in addition to the guaranty the City provided last year related to DCE's \$13 million revolving line of credit with RCB, which is available for DCE's working capital needs (up to \$8 million) and issuance of letters of credit to DCE energy counterparties, such as Southern California Edison. Although there are currently no outstanding drawings on the line of credit, the RCB arrangement is not able to take the place of the TEA guaranty.

With this item, DCE staff requests the Board's direction to formally ask the City of Palm Springs to issue the guaranty of DCE's power procurement obligations to TEA, with the guaranty amount limited to \$25 million.

DCE staff met on November 8 with Board Chair and Palm Springs Councilmember Lisa Middleton and City Manager Scott Stiles to discuss the concept of the proposed guaranty and update them on DCE's healthy financial position.

Based on Board authorization to move ahead, City Council would consider the guaranty at its December 14 meeting. If Council approves the guaranty, DCE staff will bring back to the Board at its meeting of January 8, 2024, the proposed amendments to the RMA and related Task Order 2 that replace the credit solution provided by the EOs with the guaranty provided by the City of Palm Springs. As an added benefit, this action will remove the security interest and lien on any DCE financial reserves. The scope of wholesale services provided by TEA under the RMA and Task Order 2 and TEA's corresponding monthly service fee of approximately \$57,000 in FY 2023/24 will remain unchanged.

**Fiscal Analysis:** Removing TEA's credit solution fee of \$1.00/MWh would save DCE customers approximately \$400,000 per year. These savings will contribute to DCE's reserves, which can be used for rate stabilization, programs for DCE customers and other uses in accordance with DCE Policy No. 18-10 Financial Reserve Policy as amended by the Board at its June 2023 meeting.

**ITEM 8A**

**DESERT COMMUNITY ENERGY BOARD  
FY2023-2024 ATTENDANCE RECORD**

<b>Voting Members</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUNE</b>
City of Palm Desert	*	*	✓	*								
City of Palm Springs	*	*	✓	*								

Absent

No Meeting

\*



**Desert Community Energy**  
**Unaudited Statement of Net Position Prev Year Comparison**  
As of September 30, 2023

	Sep 30, 23	Sep 30, 22	\$ Change	% Change
<b>ASSETS</b>				
Current Assets				
Checking/Savings				
1100 · Unrestricted Funds				
1105 · Operating Account -8099	\$ 199,749	\$ 202,819	\$ (3,070)	(2%)
1109 · DDM Marketplace Sweep - 0991	8,418,769	885,897	7,532,872	850%
1115 · Lockbox -4446	7,649,027	157,353	7,491,674	4,761%
Total 1100 · Unrestricted Funds	16,267,545	1,246,069	15,021,476	1,206%
1199 · Restricted Funds				
1110 · Money Market -5470	405,695	1,750,004	(1,344,309)	(77%)
1120 · FSR Letter of Credit Collateral	147,000	147,000	-	0%
Total 1199 · Restricted Funds	552,695	1,897,004	(1,344,309)	(71%)
Total Checking/Savings	16,820,240	3,143,073	13,677,167	435%
Accounts Receivable				
1221 · Accounts Receivable	16,638,245	13,781,500	2,856,745	21%
1223 · Accrued Accounts Receivable	3,807,141	3,621,306	185,835	5%
Total Accounts Receivable	20,445,386	17,402,806	3,042,580	17%
Other Current Assets				
1225 · Allowance for Doubtful Accounts	(3,991,126)	(2,544,894)	(1,446,232)	(57%)
1240 · Prepaid Expenses	6,442	6,630	(188)	(3%)
Total Other Current Assets	(3,984,684)	(2,538,264)	(1,446,420)	(57%)
Total Current Assets	33,280,942	18,007,615	15,273,327	85%
Other Assets				
1170 · Deposits/Bonds	310,584	110,584	200,000	181%
Total Other Assets	310,584	110,584	200,000	181%
<b>TOTAL ASSETS</b>	<b>\$ 33,591,526</b>	<b>\$ 18,118,199</b>	<b>\$ 15,473,327</b>	<b>85%</b>
<b>LIABILITIES &amp; NET POSITION</b>				
Liabilities				
Current Liabilities				
Accounts Payable				
2110 · Accounts Payable	\$ 7,928,300	\$ 5,998,180	\$ 1,930,120	32%
2112 · Accrued Accounts Payable	1,208,770	-	1,208,770	100%
2120 · Due to Other Governments	389,673	617,339	(227,666)	(37%)
Total Accounts Payable	9,526,743	6,615,519	2,911,224	44%
Other Current Liabilities				
2230 · Taxes payable				
2231 · Utility Users Tax (UUT)	175,975	167,044	8,931	5%
2232 · Electric Energy Surcharge	4,905	6,142	(1,237)	(20%)
Total 2230 · Taxes payable	180,880	173,186	7,694	4%
Total Other Current Liabilities	180,880	173,186	7,694	4%
Total Current Liabilities	9,707,623	6,788,705	2,918,918	43%
Long Term Liabilities				
2260 · Vendor Security Deposits				
2262 · PPA Development Security	225,000	1,680,000	(1,455,000)	(87%)
2263 · Contract Development Deposit	180,000	180,000	-	0%
Total 2260 · Vendor Security Deposits	405,000	1,860,000	(1,455,000)	(78%)
2300 · Non-current Liability				
2350 · Loans Payable - Long Term	-	2,700,000	(2,700,000)	(100%)
Total 2300 · Non-current Liability	-	2,700,000	(2,700,000)	(100%)
Total Long Term Liabilities	405,000	4,560,000	(4,155,000)	(91%)
Total Liabilities	10,112,623	11,348,705	(1,236,082)	(11%)
Net Position				
31000 · Restricted Net Position	147,000	147,000	-	0%
32000 · Unrestricted Net Position	19,167,378	4,724,389	14,442,989	306%
Net Income	4,164,525	1,898,106	2,266,419	119%
Total Net Position	23,478,903	6,769,495	16,709,408	247%
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 33,591,526</b>	<b>\$ 18,118,200</b>	<b>\$ 15,473,326</b>	<b>85%</b>

**Desert Community Energy**  
**Unaudited Changes to Net Position Prev Year Comparison**  
July through September 2023

	<u>Jul - Sep 23</u>	<u>Jul - Sep 22</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Revenue/Expense</b>				
<b>Revenue</b>				
5010 · Electricity Sales				
5011 · Carbon Free	\$ 23,213,350	\$ 20,484,567	\$ 2,728,783	13%
5012 · Carbon Free- CARE / FERA	(90)	16,151	(16,241)	<sup>1</sup> (101%)
5013 · Desert Saver	5,931,264	4,611,648	1,319,616	29%
<b>Total 5010 · Electricity Sales</b>	<u>29,144,524</u>	<u>25,112,366</u>	<u>4,032,158</u>	<u>16%</u>
5100 · Other Revenue				
5120 · Energy Market Settlements	375,492	569,612	(194,120)	(34%)
5125 · Resouce Adequacy	118	-	118	100%
<b>Total 5100 · Other Revenue</b>	<u>375,610</u>	<u>569,612</u>	<u>(194,002)</u>	<u>(34%)</u>
<b>Total Revenue</b>	<u>\$ 29,520,135</u>	<u>\$ 25,681,978</u>	<u>\$ 3,838,157</u>	<u>15%</u>
<b>Expense</b>				
4100 · Cost of Electricity				
4105 · Electricity Purchase	18,874,716	14,785,097	4,089,619	28%
4110 · Resource Adequacy Settlement	3,790,295	4,450,660	(660,365)	(15%)
4115 · Low Carbon Settlement	(6,267)	-	(6,267)	(100%)
4120 · Renewable Energy Cr. Settlement	-	134,106	(134,106)	(100%)
4125 · Market Charges	1,122,401	2,813,972	(1,691,571)	(60%)
<b>Total 4100 · Cost of Electricity</b>	<u>23,781,144</u>	<u>22,183,835</u>	<u>1,597,309</u>	<u>7%</u>
4200 · Accounting / Bank Services	35	22,896	(22,861)	(100%)
4353 · Insurance	2,147	2,210	(63)	(3%)
4423 · Office Supplies	-	1,200	(1,200)	(100%)
4425 · Legal Services	40,948	24,685	16,263	66%
4431 · Professional Services	24,204	29,244	(5,040)	(17%)
4432 · Consultants	649,471	704,017	(54,546)	(8%)
4433 · Outreach Services	7,709	13,504	(5,795)	(43%)
4435 · Technology Costs (IT)	1,312	925	387	42%
4440 · Postage	4,669	5,870	(1,201)	(20%)
4441 · Printing	4,467	6,711	(2,244)	(33%)
4450 · Sponsorships	-	1,603	(1,603)	(100%)
4452 · Marketing	743	1,117	(374)	(33%)
4500 · Registrations/Memberships	23,736	21,249	2,487	12%
4750 · Bad Debt Expense	874,338	746,845	127,493	17%
<b>Total Expense</b>	<u>25,414,923</u>	<u>23,765,911</u>	<u>1,649,012</u>	<u>7%</u>
<b>Net Ordinary Revenue</b>	<u>4,105,212</u>	<u>1,916,067</u>	<u>2,189,145</u>	<u>114%</u>
<b>Other Revenue/Expense</b>				
<b>Other Revenue</b>				
5900 · Investment Revenue	59,313	3,283	56,030	1,707%
<b>Total Other Revenue</b>	<u>59,313</u>	<u>3,283</u>	<u>56,030</u>	<u>1,707%</u>
<b>Other Expense</b>				
4610 · Interest Expense	-	21,244	(21,244)	(100%)
<b>Total Other Expense</b>	<u>-</u>	<u>21,244</u>	<u>(21,244)</u>	<u>(100%)</u>
<b>Net Other Revenue</b>	<u>59,313</u>	<u>(17,961)</u>	<u>77,274</u>	<u>430%</u>
<b>Exces of Revenue over Expenses</b>	<u><u>\$ 4,164,525</u></u>	<u><u>\$ 1,898,106</u></u>	<u><u>\$ 2,266,419</u></u>	<u><u>119%</u></u>

<sup>1</sup> CARE/FERA was discontinued and converted to Desert Saver.

**Desert Community Energy**  
**Unaudited Changes to Net Position Budget vs. Actual**  
July through September 2023

	<b>Jul - Sep 23</b>	<b>Budget</b>	<b>\$ Over Budget</b>	<b>% of Budget</b>
<b>Ordinary Revenue/Expense</b>				
<b>Revenue</b>				
<b>5010 · Electricity Sales</b>				
5011 · Carbon Free	23,213,350.00	27,332,258.00	(4,118,908.00)	85%
5012 · Carbon Free- CARE / FERA	(90.00)	-	(90.00)	100%
5013 · Desert Saver	5,931,264.00	5,886,799.00	44,465.00	101%
<b>Total 5010 · Electricity Sales</b>	<b>29,144,524.00</b>	<b>33,219,057.00</b>	<b>(4,074,533.00)</b>	<b>88%</b>
<b>5100 · Other Revenue</b>				
5120 · Energy Market Settlements	375,492.00	751,182.00	(375,690.00)	50%
5125 · Resouce Adequacy	118.00	183.00	(65.00)	64%
<b>Total 5100 · Other Revenue</b>	<b>375,610.00</b>	<b>751,365.00</b>	<b>(375,755.00)</b>	<b>50%</b>
<b>Total Revenue</b>	<b>29,520,134.00</b>	<b>33,970,422.00</b>	<b>(4,450,288.00)</b>	<b>87%</b>
<b>Expense</b>				
<b>4100 · Cost of Electricity</b>				
4105 · Electricity Purchase	18,874,716.00	14,712,323.00	4,162,393.00	128%
4110 · Resource Adequacy Settlement	3,790,295.00	4,787,761.00	(997,466.00)	79%
4115 · Low Carbon Settlement	(6,267.00)	182,998.00	(189,265.00)	(3%)
4120 · Renewable Energy Cr. Settlement	-	65,443.00	(65,443.00)	0%
4125 · Market Charges	1,122,401.00	2,681,148.00	(1,558,747.00)	42%
<b>Total 4100 · Cost of Electricity</b>	<b>23,781,145.00</b>	<b>22,429,673.00</b>	<b>1,351,472.00</b>	<b>106%</b>
4200 · Accounting / Bank Services	35.00	75.00	(40.00)	47%
4353 · Insurance	2,147.00	2,325.00	(178.00)	92%
4425 · Legal Services	40,948.00	22,500.00	18,448.00	182%
4431 · Professional Services	24,204.00	9,000.00	15,204.00	269%
4432 · Consultants	649,471.00	682,344.00	(32,873.00)	95%
4433 · Outreach Services	7,709.00	9,000.00	(1,291.00)	86%
4435 · Technology Costs (IT)	1,312.00	1,050.00	262.00	125%
4440 · Postage	4,669.00	3,000.00	1,669.00	156%
4441 · Printing	4,467.00	4,500.00	(33.00)	99%
4452 · Marketing	743.00	3,000.00	(2,257.00)	25%
4455 · Customer Programs	-	37,500.00	(37,500.00)	0%
4500 · Registrations/Memberships	23,736.00	21,650.00	2,086.00	110%
4750 · Bad Debt Expense	874,338.00	1,019,112.00	(144,774.00)	86%
<b>Total Expense</b>	<b>25,414,924.00</b>	<b>24,244,729.00</b>	<b>1,170,195.00</b>	<b>105%</b>
<b>Net Ordinary Revenue</b>	<b>4,105,210.00</b>	<b>9,725,693.00</b>	<b>(5,620,483.00)</b>	<b>42%</b>
<b>Other Revenue/Expense</b>				
<b>Other Revenue</b>				
5900 · Investment Revenue	59,313.00	40,897.00	18,416.00	145%
<b>Total Other Revenue</b>	<b>59,313.00</b>	<b>40,897.00</b>	<b>18,416.00</b>	<b>145%</b>
<b>Other Expense</b>				
4610 · Interest Expense	-	5,000.00	(5,000.00)	0%
<b>Total Other Expense</b>	<b>-</b>	<b>5,000.00</b>	<b>(5,000.00)</b>	<b>0%</b>
<b>Net Other Revenue</b>	<b>59,313.00</b>	<b>35,897.00</b>	<b>23,416.00</b>	<b>165%</b>
<b>Net Revenue</b>	<b>4,164,523.00</b>	<b>9,761,590.00</b>	<b>(5,597,067.00)</b>	<b>43%</b>

**DESERT COMMUNITY ENERGY  
INVESTMENT REPORT  
FOR SEPT 30, 2023**

Description	Carrying Amount	% of Total	Fair Market Value	% of Total	Annual %age Yield
<b>CASH AND INVESTMENTS UNDER THE DIRECTION OF DCE</b>					
River City Bank - Operating	\$ 199,749	1.19%	\$ 199,749	1.19%	N/A
River City Bank - DDM Marketplace Sweep	\$ 8,418,769	50.05%	\$ 8,418,769	50.05%	3.43%
River City Bank - Lockbox [a]	\$ 7,649,027	45.48%	\$ 7,649,027	45.48%	N/A
River City Bank - Money Market	\$ 405,695	2.41%	\$ 405,695	2.41%	2.10%
River City Bank - Stand-by FSR Letter of Credit	\$ 147,000	0.87%	\$ 147,000	0.87%	N/A
<b>Overall Total</b>	<b>\$ 16,820,240</b>	<b>100.00%</b>	<b>\$ 16,820,240</b>	<b>100.00%</b>	

[a] DCE staff have begun process to open an account with the Riverside County Treasurer's Pooled Investment Fund. Portfolio limits are in place to ensure diversification of the portfolio; a small, temporary imbalance is acceptable. DCE's investment portfolio indicates its ability to meet its foreseeable six-month liquidity requirements.

Duly submitted by:



Claude T. Kilgore, CPA  
Director of Finance

## **ITEM 8D**

### **Desert Community Energy Board November 20, 2023**



### **STAFF REPORT**

**Subject:** DCE Financial Outlook

**Contact:** Jaclyn Harr, The Energy Authority and Don Dame, DCE Consultant

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### **Recommendation: Information**

**Background:** The DCE Board is regularly provided with updates on the financial outlook, energy market and other conditions that may impact DCE's rates and budget. With this item, staff will provide an overview of the 2024 financial outlook and preview the next steps.

#### *Market conditions and rates*

Forward energy market prices in California remain high. However, there are moderating fundamentals, as California exits a relatively calm and cool summer 2023 with expectations of average to above-average water conditions for the coming winter. Due to delays in project developments throughout the state stemming from interconnection and supply chain issues, the market for resource adequacy (RA) capacity and renewable energy has tightened throughout 2023. Price increases are expected to continue into 2024 as these project delays continue. Price increases in renewable energy have had secondary impacts on the carbon-free energy market, raising prices amid an already strained supply as the Pacific Northwest's hydro conditions remain significantly below average. These factors were presented in previous briefings to the DCE Board, which included concerns about how these would contribute to the ongoing unsettled status of power and energy markets as well as the general rise in forward energy prices expected during the coming years.

The updates on these items since the September meeting have been slightly positive for DCE. In October, SCE released its 2024 generation rate forecast, which is higher than initially forecast due to elevated energy prices and historically high RA and renewable energy prices. SCE's new generation rate will help compensate for DCE's elevated energy costs compared with the previously forecast rates. At the same time, expected power prices for 2024 have increased, leading to an increase in expected costs. These changes together temper the somewhat dour outlook for 2024, which now has an expected net revenue of -\$3.1 million. Staff is actively working on optimizing DCE's energy portfolio to improve 2024 expected net revenue.

Staff would note that customers will see a positive change in their bill as the 2024 SCE rate forecast – which DCE does not control – outlines a decrease in SCE transmission and distribution charges, accompanied by a decrease in SCE generation rates. The transmission and distribution charges for the delivery of electricity affect both DCE and SCE ratepayers equally, which means these changes in the SCE rates will result in lower expected customer energy bills in 2024. DCE is sensitive to the impacts of energy bills for ratepayers and will continue to educate and inform about ways to lower electricity usage. Outreach will emphasize opportunities for customers to be

more energy efficient and reduce usage, especially during peak hours, and thus lower their total bills. DCE's outreach messaging will also continue to highlight Desert Saver as a lower cost alternative to SCE.

The DCE Board has adopted mechanisms to ensure DCE can timely adjust to changing cost and revenue conditions and expectations. Staff and TEA will continue to closely watch current market conditions, DCE loads and power supply costs, and provide regular updates to the Board.

**Fiscal Analysis:** There are no costs to DCE for this informational update.

The Board-approved DCE financial objectives include recovery of all power supply and operating costs, building adequate reserves, and maintaining fiscal health. The currently projected net negative revenues in 2024 will slightly diminish the reserves that DCE has built but provide important rate stabilization to DCE customers – made possible by the Board's previous prudent actions related to building financial reserves. DCE hedging policies and practices and its on-going work in acquiring its long-term renewable energy portfolio will continue to temper the impact of power price volatility in 2024 and beyond.

## **ITEM 8E**

### **Desert Community Energy Board November 20, 2023**



#### **STAFF REPORT**

**Subject:** Future Updates to DCE Policy for Net Energy Metering Service

**Contact:** Emily Langenbahn, Management Analyst ([elangenbahn@cvag.org](mailto:elangenbahn@cvag.org))

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#### **Recommendation: Information**

**Background:** On December 15, 2022, the California Public Utilities Commission (CPUC) voted unanimously to approve California's third iteration of net metering, otherwise known as NEM 3.0 or the Solar Billing Plan (SBP). DCE staff has been providing the Board with updates on the implementation of NEM 3.0 and how it may impact local customers.

The Sunset Period for new solar customers ended on April 14, 2023. Solar customers who have submitted a solar application to Southern California Edison (SCE) after this date are considered as being enrolled in NEM 3.0. However, SCE did not have the billing implementation for the new rate structure prepared at the time of the NEM 3.0 launch.

That means active NEM 3.0 customers are being billed under NEM 2.0 rates, the previous iteration of net metering. The CPUC has required all investor-owned utilities such as SCE to have the billing for the new tariff ready for implementation on December 15, 2023, one year from the date of the decision. NEM 3.0 customers will automatically roll onto the updated tariff, which is also known as the Net Billing Tariff, or NBT.

DCE staff have been actively working with other Community Choice Aggregation programs (CCAs) in California and have been involved in meetings with staff from the CPUC Energy Division as well as ex parte meetings with advisors to CPUC members regarding concerns about the implementation of NBT. DCE staff has been serving as the representative for CCAs in SCE territory and has shared concerns about potential billing errors as well as customer confusion following the rollout of NBT.

Once SCE's NBT is implemented, DCE staff will come back to the Board with revisions to the current solar policy No. 23-01, which was adopted by the Board at its June 2023 meeting. Because NEM 3.0 solar customers on the NBT rate will be compensated at a wholesale rate instead of a retail rate for their energy production, this will require them to purchase electricity from DCE at a higher rate and pay more for using electricity. Though rooftop solar installations are estimated to have dropped by between 40% to 80% in California following the start of NEM 3.0, solar customers in DCE territory currently account for about 16% of DCE's overall customer base.

In addition to the upcoming implementation of NBT, the CPUC has issued a Proposed Decision on virtual net metering (VNEM) that could affect solar installations on multifamily developments. The CPUC is currently scheduled to consider the VNEM Proposed Decision at its November 16 meeting. Should this Proposed Decision be approved by the CPUC, it is expected to be implemented four months from issuance of the decision. Revised language in the Proposed Decision requires the investor-owned utilities to collaborate with CCAs operating in each service territory on how the NBT is presented on bills. DCE staff will continue working with SCE as well as coordinate for special outreach for the Monarch, Aloe Palm Canyon, and Vista Sunrise II affordable housing developments



in Palm Springs, which are the three developments in DCE's service territory that will likely be affected.

**Fiscal Analysis:** There are no costs to DCE for this informational update.

## **ITEM 8F**

### **Desert Community Energy Board November 20, 2023**



#### **STAFF REPORT**

**Subject:**     **October 2023 Rate Adjustment Summary**

**Contact:**    Don Dame, DCE Energy Consultant

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#### **Recommendation: Information**

**Background:** On November 16, 2020, the Desert Community Energy (DCE) Board adopted a Rate Stabilization Schedule (RSS). The RSS authorizes staff to adjust DCE retail rates in response to changes in Southern California Edison (SCE) rates and/or Power Charge Indifference Adjustment (PCIA, or exit fee), to maintain DCE Board-approved rate guidelines.

The RSS became effective on December 1, 2020, and was amended by the Board on May 12, 2023, with a June 1, 2023 effective date. The Board's currently approved rate policies include designing Desert Saver rates within a 0 – 1% average total bill discount versus SCE's comparable bundled base product average total bill and designing DCE's 100% Carbon Free rates such that DCE's primary residential rate class, "Domestic," does not exceed a 14% average total bill premium versus SCE's comparable bundled base product average total bill.

Effective October 1, 2023, SCE implemented a delivery rate increase of approximately 0.5%, resulting in an average rate increase of about 0.5%. SCE's average bundled residential customer bill is estimated to increase approximately \$1.14 monthly, based on average monthly consumption of 569 kWh.<sup>1</sup> For customers enrolled in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) plans, SCE's average bundled residential customer bill is estimated to increase about \$0.67 monthly inclusive of ongoing CARE/FERA average billing discounts of approximately 30%. As approved by the California Public Utilities Commission (CPUC), SCE's revised rates reflect changes to several components of its consolidated revenue requirement.

Working within DCE Board-approved financial policies and procedures, the provisions of DCE's RSS, and the concurrence of DCE's Risk Management Team (RMT), DCE scheduled a corresponding DCE rate adjustment effective October 1, 2023. The DCE rate adjustment is required to maintain fiscal prudence and remain within Board approved rate guidelines.

The RSS requires DCE staff to prepare a summary report describing RSS-related rate adjustments and provide this information at the next scheduled Board meeting after such adjustments are implemented. This staff report provides that summary.

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<sup>1</sup> Estimated monthly bill increases were derived from SCE's September 28, 2023, Advice Letter 5109-E, PP. 10 and 11, Tables 4 and 5, and adjusting monthly average residential energy usage from 500 kWh to 569 kWh, the average consumption level utilized in SCE's/DCE's Joint Rate Comparison table for DCE's service area effective October 1, 2023.

### **October 2023 DCE Rate Adjustment Details:**

- Effective Date: October 1, 2023
- RMT review and agreement: September 28, 2023.
- Desert Saver average total bill discount compared to SCE's bundled base power product average total bill estimated to be within 0 – 1%.
- 100% Carbon Free residential customer average total bill premium not to exceed approximately 14% compared to SCE's bundled base power product average total bill.
- The rate forecast period utilized is October 1, 2023 –September 30, 2024.
- Calculations and estimates are based on known and forecast costs and revenues throughout the rate forecast period.
- Any particular customer's average bill impact may vary depending on enrolled rate schedule and monthly electricity usage.

Staff continues to work with the California Community Choice Association (CalCCA) and other Community Choice Aggregators (CCAs) to collectively address cost effectiveness, legislative matters and CPUC's actions impacting CCAs. In addition, DCE will continue to highlight DCE's retail product choices as part of its community engagement efforts. DCE's Desert Saver product continues to be the least cost electric service in Palm Springs, and DCE's Carbon Free product results in zero carbon emissions, maximizing electricity related climate mitigation.

**Fiscal Analysis:** DCE's October 2023 rate adjustment is designed to fully recover forecast power supply and operating costs, build financial reserves, address cash flow requirements, and exercise fiscal prudence.

SCE customer retail rates increased October 1, 2023, and DCE customer retail rates commensurately adjusted beginning October 1, 2023. The average monthly bill of SCE bundled residential customers will increase about \$0.544 per \$100 usage; DCE Desert Saver residential customer bills will increase about \$0.541 per \$100 usage; and DCE Carbon Free residential customer bills will increase about \$0.620 per \$100 usage.

## ITEM 8G

### Desert Community Energy Board November 20, 2023



#### STAFF REPORT

**Subject:** SCE Consolidated Metering and Billing Errors

**Contact:** Claude T. Kilgore, Director of Finance ([ckilgore@cvag.org](mailto:ckilgore@cvag.org))

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#### **Recommendation: Information**

**Background:** DCE works closely with Southern California Edison (SCE) to serve customers in Palm Springs, with SCE handling the delivery of electricity and all billing issues. Since DCE began serving load to SCE bundled customers in April 2020, DCE staff has been concerned that the metering and billing information provided by SCE have often been mistake-riddled. These are not localized issues. Similar concerns were included in an August 2023 motion filed by California Community Association (CalCCA) before the California Public Utilities Commission (CPUC) on behalf of CCAs operating in SCE territory in response to SCE's 2025 General Rate Case.

DCE staff has elevated problems to SCE early and often. However, DCE customers are taking notice. Complaints have been to the CPUC about the lack of urgency and the call center messaging. In fact, SCE call center messaging scripts provided by SCE to DCE encourages customers to "...wait until you receive your bill before contacting us as our Energy Advisors will not be able to provide an estimated date for your bill." The response from SCE to DCE staff is similar as it relates to DCE bundled customer documentation requests of SCE. The overdue implementation of SCE's new billing system further complicates matters.

DCE staff is now elevating these issues to the Board because staff is pursuing an audit of SCE records. Under Section 22 Audits of the 2018 Community Choice Aggregator (CCA ) Service Agreement between DCE and SCE, DCE staff recently requested that SCE provide missing usage and related billing as well as other documentation for 514 Load Distribution Centers (LDCs) that DCE reasonably believes contain metering and billing errors. The Service Agreement allows 10 business days for SCE to provide the data; however, SCE failed to deliver the requested data within the allowable timeframe and stated, "...that information is not meter data or consolidated billing information, and thus is not subject to this section [22] of the Service Agreement, which was intended to address inaccurate bills." DCE staff vehemently disagreed with SCE's assertion as customer missing usage is directly related to metering errors which then result in billing errors.

Under the Service Agreement, DCE is allowed the right to an audit of SCE records when it continues to believe that SCE's duty to accurately meter and provide consolidated billing for usage has been breached. DCE may designate its own employee representative or its contracted representative to audit SCE's records. As such, DCE staff is currently evaluating options, which include conducting an external audit of SCE records. Any external audit would be conducted under the Executive Director's signature authority with continual updates on progress to the DCE Board.

DCE staff adhere to a high standard of business practices and intend to hold SCE accountable to the same, especially considering the proposed increased fees by SCE to DCE for consolidated metering and billing services as requested in SCE's 2025 General Rate Case to the CPUC.

**Fiscal Analysis:** There is no additional cost to DCE at this time. An internal or external audit of SCE's consolidated metering and billing is expected to be time consuming. An initial estimate places the cost in the low tens of thousands of dollars; however, those costs would be offset by the benefit of DCE finally being able to bill on accounts with missing usage. Based on recently settled billing errors, DCE staff estimates the total exposure could well exceed \$300,000. In addition, if DCE staff's reasonable belief of such errors is accurate, the Service Agreement does provide some recourse for DCE to attempt to recuperate successful audit costs from SCE.