



Board of Directors

Regular Meeting

June 24, 2021



Regular Meeting Agenda

Welcome

Call to Order

Pledge of Allegiance

Roll Call

Items to be Added, Withdrawn, or Reordered on the Agenda

Public Comment for Items Not on the Agenda

1. (Consent) Approval of Cooperation and Administrative Services Agreement with the City of Encinitas for Continued SDCP Human Resources Services
2. (Consent) Treasurer's Report – Financial Results for 2020/21 Period ended 4/30/21 – Michael Maher, CPA
3. Operations and Administration Report from the Interim Chief Executive Officer – Bill Carnahan
4. Update on Regulatory and Legislative Affairs – Laura Fernandez
5. Review and Provide Direction to Staff on Update of Analysis of County Membership – Bill Carnahan
6. Review and Approve Policy for Adding New Members to SDCP – Cody Hooven
7. Review and Approve FY21 Financial Audit Preparation – Eric Washington
8. Review and Approve FY22 Budget – Eric Washington
9. Review and Approve Financial Reserves Policy – Eric Washington
10. Review and Adopt a Resolution for a Retirement Plan – Eric Washington

Director Comments

Reports by Management and General Counsel

Adjournment



Consent Agenda

1. Approval of Cooperation and Administrative Services Agreement with the City of Encinitas for Continued SDCP Human Resources Services

Recommendation:

Approve Cooperation and Administrative Services Agreement with the City of Encinitas (City) for continued SDCP human resources services retroactive to January 1, 2021, in substantially the form attached hereto, with such changes as are approved by the Interim Chief Executive Officer and reviewed and approved as to form by General Counsel and authorize the Interim Chief Executive Officer to execute the Agreement.

2. Treasurer's Report – Financial Results for 2020/21 Period ended 4/30/21 – Michael Maher, CPA

Item 3

Operations and Administration Report from the Interim Chief Executive Officer

Recommendation: Receive and file update on various operational and administration activities.

- Western Community Energy Bankruptcy Update – Bill Carnahan
- Offices, Reopening Update and Summer Break – Cody Hooven
- Strategic Planning – Bill Carnahan
- Staffing – Byron Vosburg
- Power Resources – Byron Vosburg
- Back Office Operations – Lucas Utouh

Item 4

Update on Regulatory and Legislative Affairs

Recommendation: Receive and file the update on regulatory and legislative affairs.

- SB 612
- AB 1139
- Transportation Electrification Rulemaking
- Integrated Resource Planning
- Net Energy Metering 3.0

Presenter:

Laura Fernandez,

Director of Regulatory and Legislative Affairs

Item 4:

Update on Regulatory and Legislative Affairs

SB 612

- Will be heard in the Assembly Committee on Utilities and Energy June 30
- SDCP needs additional support to ensure SB 612 will make it out of the Committee!



Item 4:

Update on Regulatory and Legislative Affairs

AB 1139

- Did not receive enough votes in Assembly
- Moved to Inactive File
- Dead for the Year

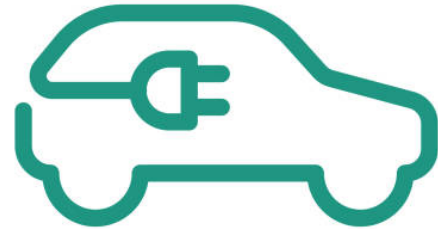


Item 4:

Update on Regulatory and Legislative Affairs

Transportation Electrification Rulemaking 18-12-006

- SDCP granted party status
- Transportation Electrification Framework Energy Division Staff Proposal directly addresses issues related to CCA programs
- SDCP will engage in policy discussions in proceeding that could impact future programs/incentives offered to customers



Item 4:

Update on Regulatory and Legislative Affairs

Integrated Resource Planning

- Orders additional 11,500 MW procurement by all load serving entities between 2023-2026
- Per SDCP request, agenda decision:
 1. Readjusts the allocation between SDCP and SDG&E to address planned load migration in 2022
 2. Provides process for adjusting capacity allocations through Advice Letter process



Item 4:

Update on Regulatory and Legislative Affairs

Net Energy Metering 3.0

- Staff reviewing opening testimony and cost effectiveness analysis
- Next Steps:
 - July 16 – Rebuttal Testimony
 - July 26– August 6 – Evidentiary Hearings
 - August 27 – Opening Briefs
 - September 10 – Closing Briefs
 - December 10 – Proposed Decision Expected



Item 5

Review and Provide Direction to Staff on Update of Analysis of County Membership

Recommendation:

Approve analysis to move forward with the County membership

Item 5

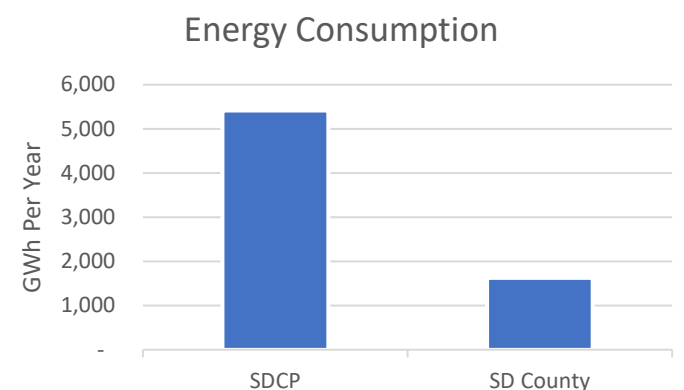
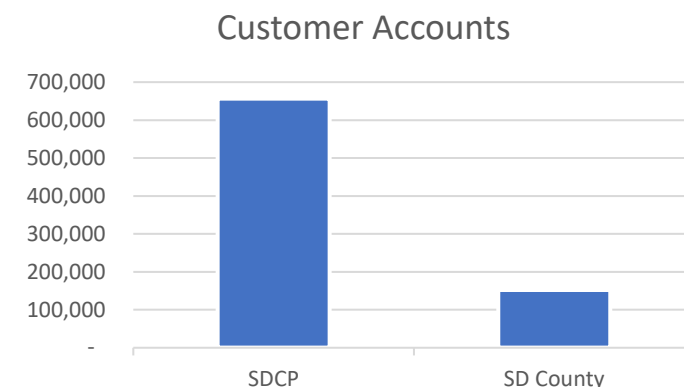
Assessment of Extending Service to Unincorporated San Diego County June 2021

Presented by:



Item 5: San Diego County Customer Information

Classification	Accounts	Annual Energy (MWh)	Average Customer Usage (KWh/Mo.)
Residential	166,732	963,074	484
Small Commercial	15,197	198,075	1,086
Medium & Large Commercial	1,373	489,098	29,685
Agricultural	3,108	109,314	2,931
Street Lighting	1,387	7,716	464
Total	186,797	1,767,275	788
Peak Demand (MW)	430		



Item 5: Key Assumptions

Start Date: earliest possible enrollment date is January 2023 per CPUC rules; optimized enrollment timing is April 2023

Customers and Sales: forecast based on historical SDG&E data and assumes 90% customer participation

Revenues: assume continuation of current SDCP rates

Incremental Costs: include power supply (per SDCP portfolio specifications), customer billing, and SDG&E service fees

Item 5: Fiscal Impact Summary (SD County Load)

April 2023 Enrollment

	FYE 2023*	FYE 2024	FYE 2025
Revenue (\$MM)	26.8	135.7	136.4
Costs (\$MM)			
Power Supply Costs	25.8	125.7	121.8
Billing and Other	1.0	4.1	4.1
Total Costs	26.8	129.8	125.9
Change in Net Margin (\$MM)	0	5.9	10.5
Electric Sales (MWh)	341,635	1,626,416	1,634,548

* Reflects partial year of service for fiscal year ending June 30, 2023, with enrollments commencing in April 2023.

General implementation costs would be incurred leading up to expansion. Such costs include staff and other costs related to marketing and outreach, customer noticing, regulatory and legal representation, internal operations, resource planning and electric procurement.

Item 5

Conclusions

- Overall positive fiscal impact under base case assumptions
- Due to wholesale power market volatility, the likely range of outcomes is wide, ranging from strongly positive to moderately negative
- Expansion would require a meaningful increase in SDCP resource acquisition
- Advance coordination with SDG&E for RA and RPS resource transfers would be strongly advised
- Achieving long-term RPS compliance in Compliance Period 4 (2021-2024) will require early procurement attention

Item 6

Review and Approve Policy for Adding New Members to SDCP

Recommendation:

- A. Review and approve the New Member Policy
- B. Provide direction to staff to return to the Board with minor modifications to the Joint Powers Authority (JPA) Agreement that reflect the potential for new members.

Item 6: Policy for New Members

Background

- Many CCAs have expanded
- Limited policies available
- Common practice is to ensure mission alignment and positive or neutral financial impacts
- SDCP JPA agreement provides minimal requirements/guidance
- Draft policy presented today provides general guidance for staff, the Board, and potential new member agencies

Item 6: Policy for New Members

Recommended Policy

- Costs
 - New member agency agrees to pay for analysis if they don't move forward
 - Waivers available for smaller cities and at Board discretion
- Timeline
 - Ensures ability to submit a revised Implementation Plan by Jan. 1 for service one year later
- Voting
 - Reiterates the voting shares recalculation as described in the JPA agreement

Item 6: Policy for New Members

Recommendation

- Review and approval of New Member Policy
- Direction to make minor modifications to JPA agreement and return to Board (with 30-days notice of changes to member agencies)

Item 7

Review and Recommend Board Approval of FY21 Financial Audit Preparation

Recommendation:

Approve the Professional Services Agreement with auditor Pimenti & Brinker, LLP for a 1-year term with two 1-year renewal options, fees of \$21,000/year (not-to-exceed \$63,000 total), and authorize the Interim Chief Executive Officer or his designee to execute the agreement.

Presenter:

Eric Washington,
Chief Financial Officer

Item 7: Approve FY21 Financial Audit Preparation

Auditor Selected – Pimenti & Brinker

- Completed FY20 CPA audit report
- Term: 1 year with two 1year renewal options with a 60-day notice period
- Fees: \$21,000/year Not to exceed \$63,000



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

Item 8

Review and Recommend Board Approval of FY22 Budget

Recommendation: Review and approve the FY 2022 Budget.

Item 8: FY22 Budget

For the period July 1, 2021 –
June 30, 2022

- Supplemental details shown here

FY22 - Supplemental Budget Details

OPERATING REVENUES

Gross Ratepayer Revenues	\$318,320,860
(Less 1% Uncollectible Customer Accounts)	\$ (3,183,209)
Net Operating Revenues	<u>\$ 315,137,651</u>

OPERATING EXPENSES

Cost of Energy	\$284,304,000
Total	<u>\$ 284,304,000</u>

Personnel Costs

Salaries	\$ 3,541,667
Benefits (retirement/health)	\$ 872,400
Payroll Taxes	\$ 270,938
Accrued PTO	\$ 100,000
Contingency	\$ 100,000
Total	<u>\$ 4,885,005</u>

Professional Services and Consultants

Legal/Regulatory	\$ 895,000
Technical Support	\$ 947,000
Programs Consultant	\$ 350,000
Broker Fees	\$ 100,000
Other Services	\$ 383,000
SDG&E Fees	\$ 1,429,000
Data Management	\$ 652,994
Contingency	\$ 224,000
Total	<u>\$ 4,980,994</u>

Marketing and Outreach

Communications Consultants	\$ 600,000
Notices and Mailers	\$ 240,000
Printing	\$ 277,000
Sponsorships/Local Memberships	\$ 150,000
Pilot Member City Grants	\$ 150,000
Total	<u>\$ 1,417,000</u>

General and Administration

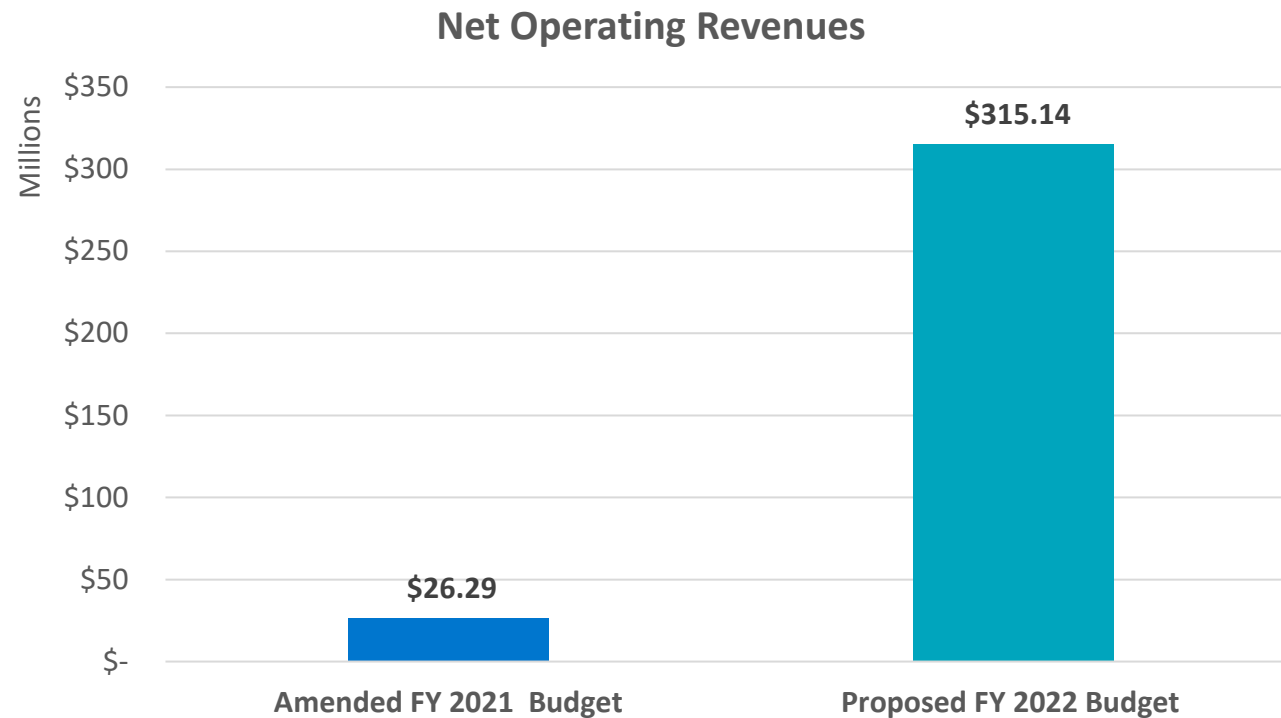
Cal CCA Dues	\$ 350,000
Insurance	\$ 125,000
Rent	\$ 120,000
Other G & A	\$ 250,000
Total	<u>\$ 845,000</u>

Total Operating Expenses	<u>\$296,431,999</u>
	<u>\$ 296,431,999</u>

Operating Income (Loss)	<u>\$ 18,705,652</u>
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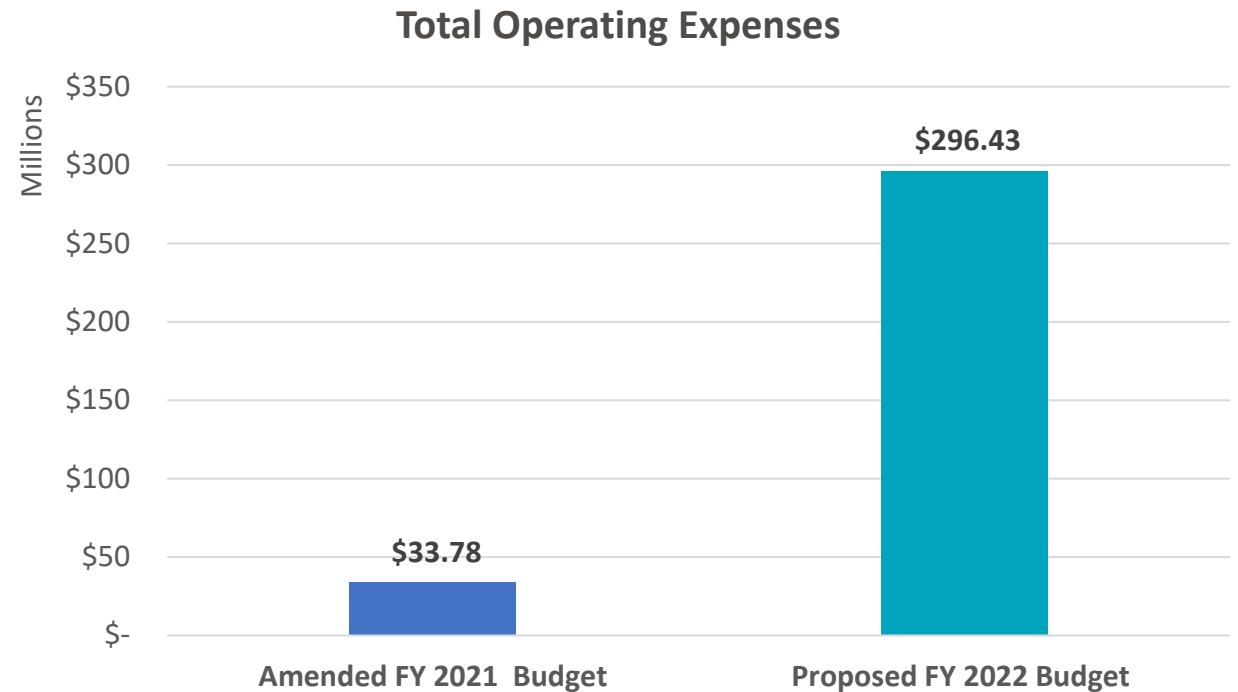
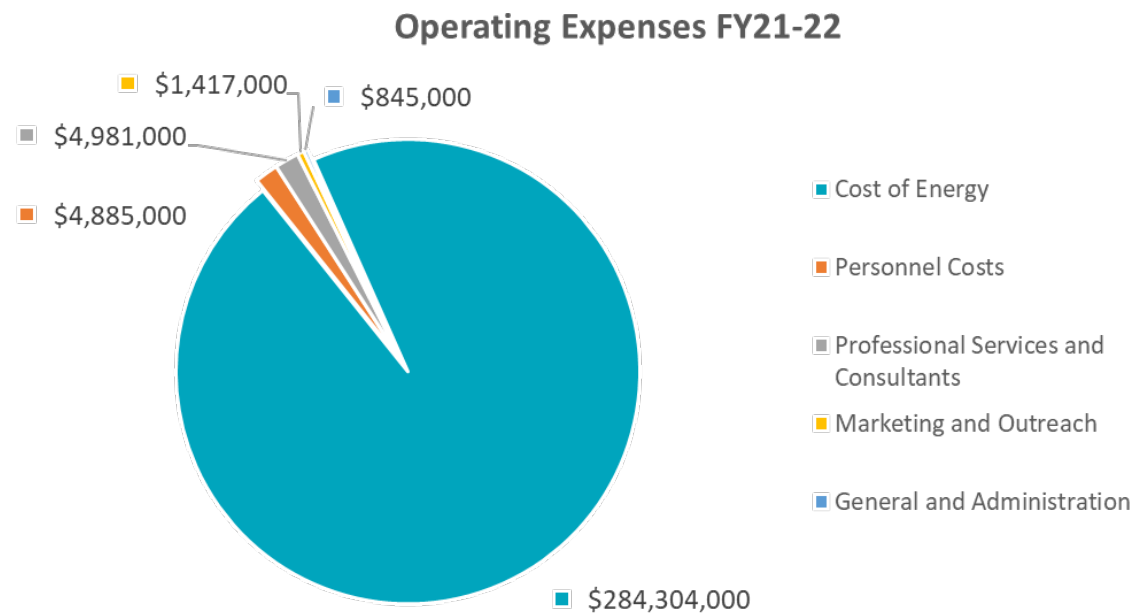
Item 8: Approve FY22 Budget

FY21 and FY22 Budget Comparison

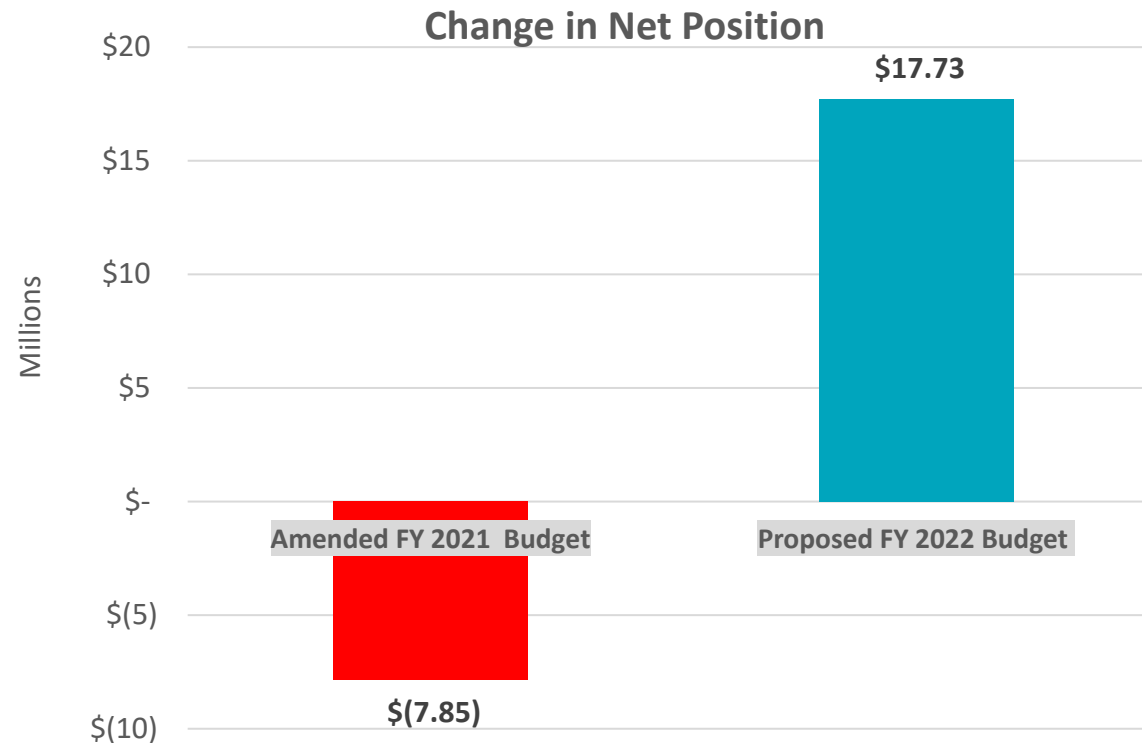


Revenues – considers sales of electricity to customers from Phase 1, 2, and the beginning of Phase 3, opt out assumptions, and current rates.

Item 8: Approve FY22 Budget



Item 8: Approve FY22 Budget



Net position –
FY22 proposed \$17.7M.
See Agenda Item 8 :
Reserve Policy.

Item 9

Review and Approve Financial Reserves Policy

Recommendation: Review and approve the Financial Reserves Policy.

Item 9: Review and Approve Financial Reserves Policy

Purpose:

To maintain Financial Reserves as described in this policy to

- Meet SDCP's strategic objectives
- Secure favorable terms with vendors, including power producers
- Secure a standalone investment grade credit rating
- Provide funds to cover unanticipated expenditures

How do we get there?

- 15% of annual gross revenue to be allocated toward reserve
- Target of 90-days of operating cash on hand

Item 10

Review and Adopt a Resolution for a Retirement Plan

Recommendation:

- A. Approve Plan Advice and Consulting Program Services Agreements with PWA Financial for 457(b) and 401(a) Plans.
- B. Approve Service Agreement for Plan Administration with Benefit Resources Inc. for third-party administrator services associated with the 457(b) and 401(a) Plans.
- C. Approve the agreements associated with the retirement plan with Empower Retirement for recordkeeping services associated with the 457(b) and 401(a) Plans.
- D. Authorize the Interim Chief Executive Officer or his designee to execute the approved agreements and plan documents, with such changes as are approved by the Interim Chief Executive Officer and approved as to form by the General Counsel.
- E. Authorize the Interim Chief Executive Officer or his designee to sign and file such other documents as are necessary to establish the approved plans.

Presenter:

Eric Washington,
Chief Financial Officer

Regular Meeting Agenda

Director Comments

**Reports by Management and
General Counsel**

Adjournment



Board of Directors

Next Regular Meeting
July 22, 2021

