



# Board of Directors

Special Meeting

February 7, 2025





**Welcome  
and  
Call to  
Order**

The background features a vibrant blue water surface with gentle ripples. A large, white, diagonal shape, resembling a stylized arrow or a large 'V', is superimposed over the water, pointing from the top-left towards the bottom-right. The text 'Roll Call' is centered within this white shape.

# Roll Call



The background of the slide is a vibrant blue water surface with gentle ripples. A large, white, diagonal arrow shape points from the top-left towards the bottom-right, framing the central text.

# **Land Acknowledgement**

# Regular Agenda

## **1. Review and Approval of 2025 Rates**

# Item No. 1

## Review and Approval of 2025 Rates

### Recommendation:

Review and approve rate adjustments for the PowerBase and PowerOn services, as contained in Attachment A, to go into effect retroactively to February 1, 2025. The recommendation includes San Diego Community Power (Community Power) default PowerOn service electricity generation/commodity rates that are 3% less expensive compared to San Diego Gas and Electric's (SDG&E) generation rates and PowerBase service electricity generation rates that are 5% less expensive than San Diego Gas and Electric's generation rates. Power100 and Power100 Green-e Certified will maintain premiums of \$0.01/kWh and \$0.02/kWh, respectively.

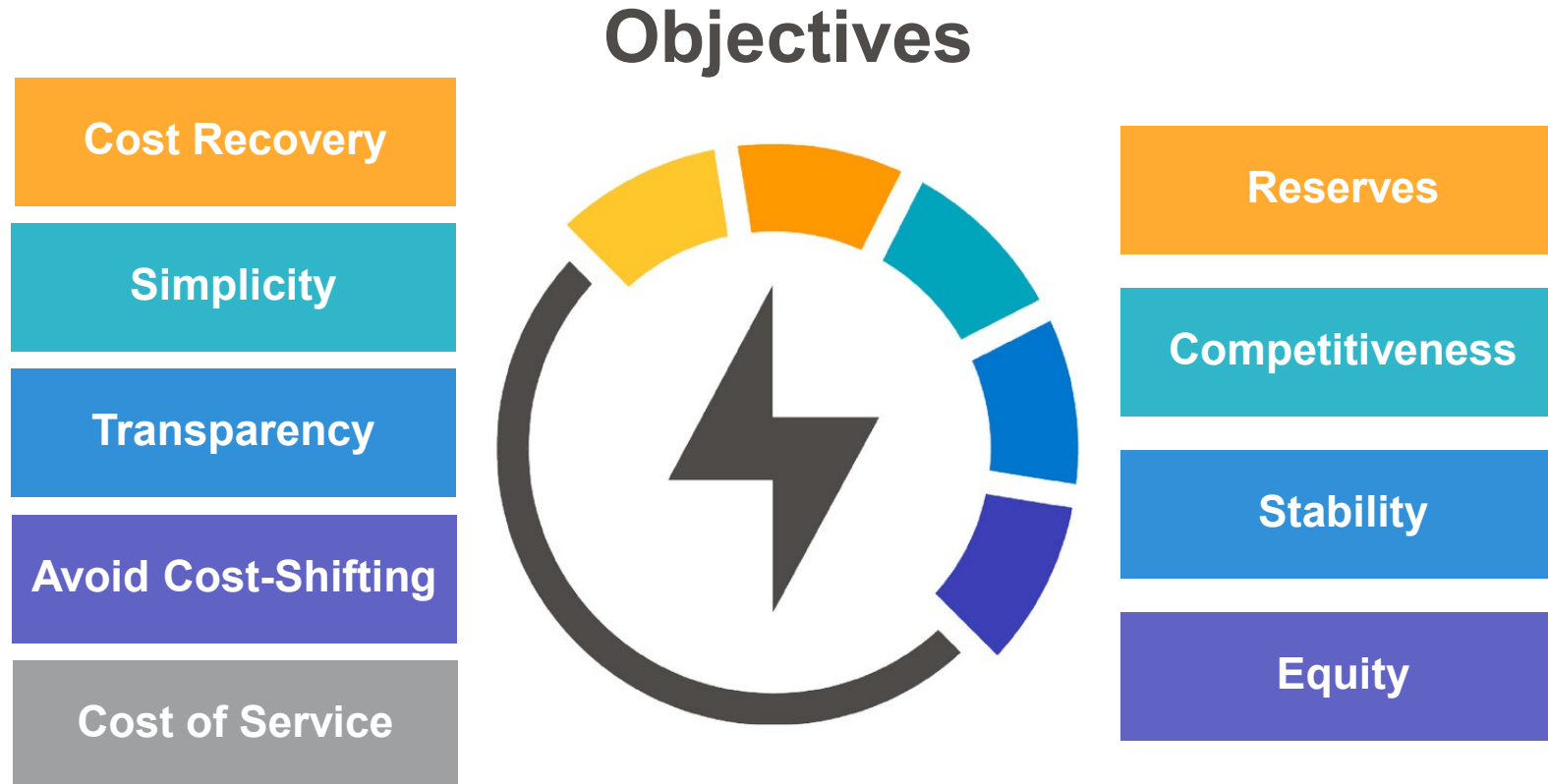
### Presenters:

Jack Clark, Chief Operating Officer

Lucas Utouh, Sr. Director of Data Analytics & Customer Operations

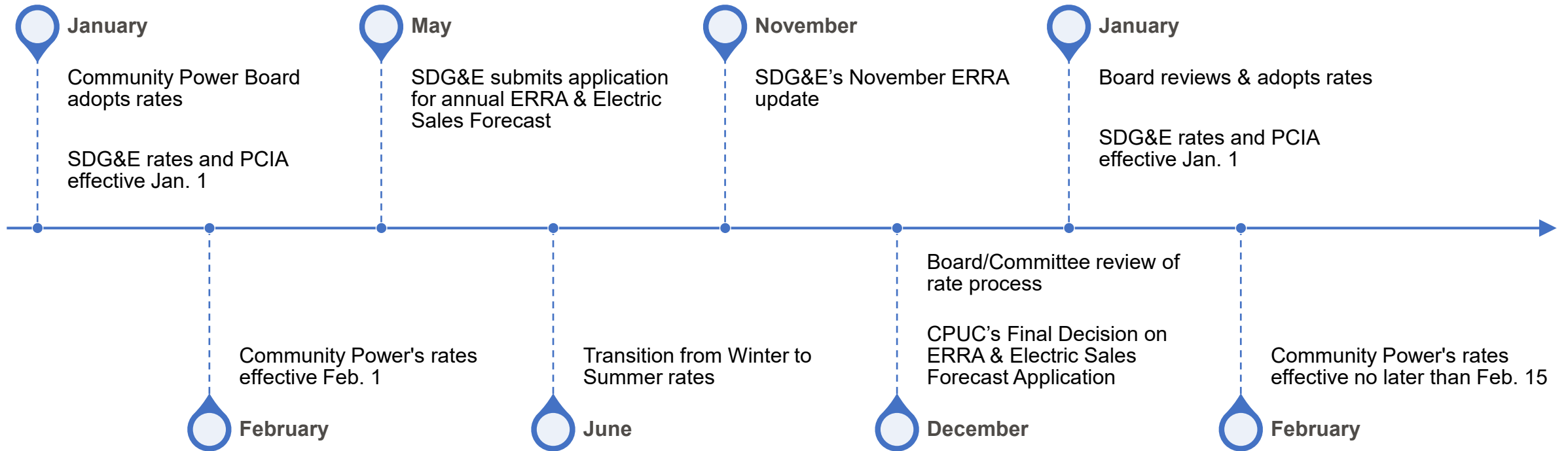
Tim Manglicmot, Director of Finance

# Rate development policy objectives

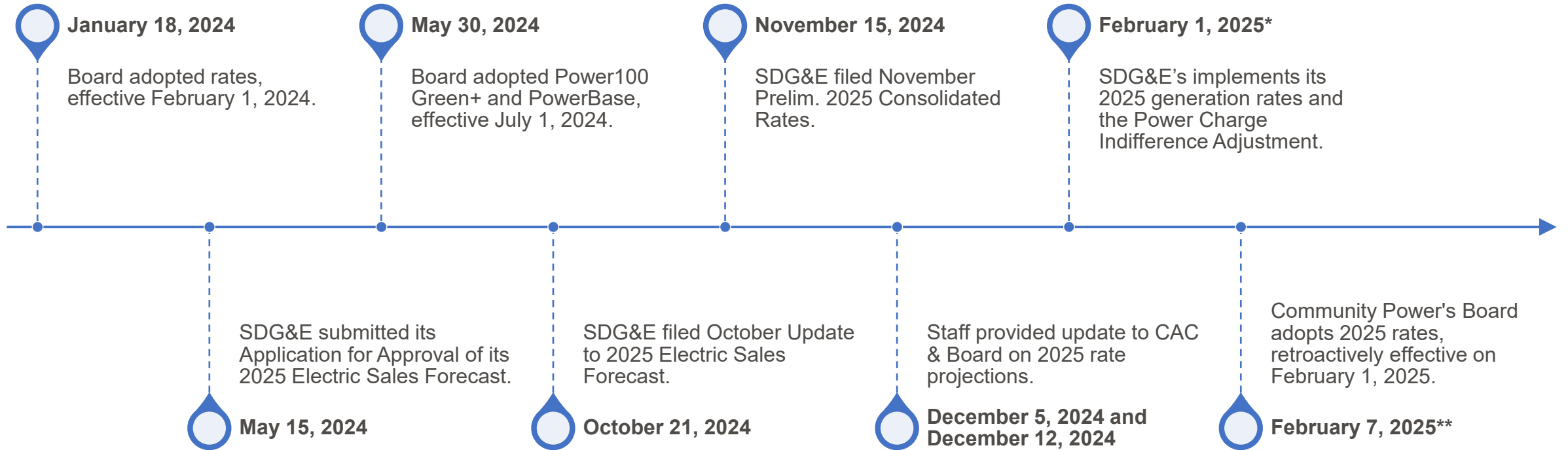




# Typical rate development timeline



# 2025 rates timeline



\*SDG&E filed an extension request to the Commission on Dec. 9, 2024 to implement rates on Feb. 1, 2025, to allow for additional time to include 2024 General Rate Case revenue requirements and to reduce rate volatility. The Commission granted the extension on Dec. 19, 2024.

\*\*SDG&E filed consolidated filing for 2025 rates on Jan. 21 and SDG&E filed corrections to their filing on Jan. 29, 2025.

# 2025 Community Power rate scenarios summary

Scenarios	Conservative	Balanced (Staff Recommended)	Uncertain
PowerOn premium/(discount) compared to SDG&E	2.5%	(3.0%)	(5.0%)
PowerBase (discount) compared to SDG&E	(2.5%)	(5.0%)	(7.0%)
Year over Year Community Power rate change	2.7%	(2.8%)	(4.9%)
FY2025 operating margin (million \$)	63	44	36
Meets Credit Rating Metrics?	✓	✓	✗
Meets Debt Service Coverage Ratio (DSCR)?	✓	✓	✗
Meets 180-Day Cash on Hand?	✓	✓	✗

# Risk factors – impact to net income

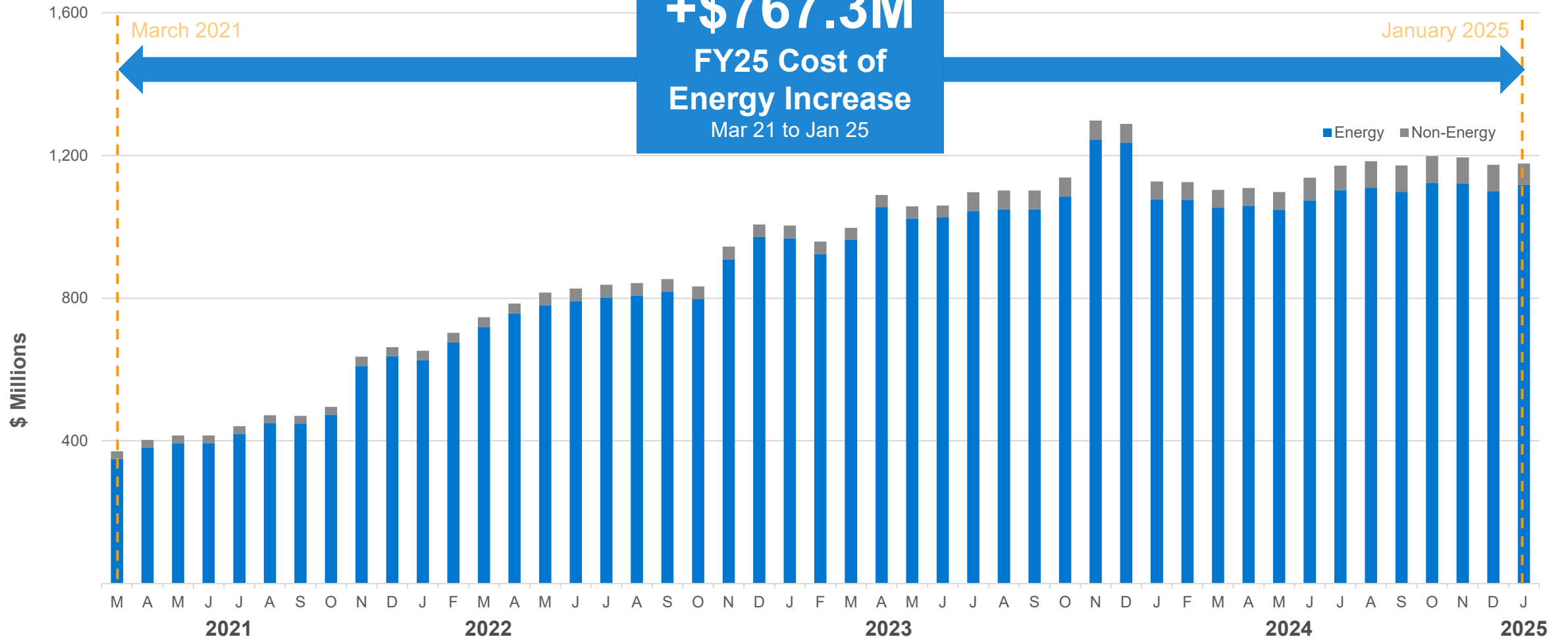
<p><b>Energy market uncertainty</b></p>	<p>At the 3/25/21 Board meeting Community Power expected CY25 energy costs of \$349.5 million. In Community Power’s latest January forecast, Community Power projects CY25 energy costs of \$1,116.8 million or a \$767.3 million increase in the last four years.</p>	<p><b>\$767 million cumulatively</b></p>
<p><b>Competitor rates</b> <i>Rate Competition and PCIA</i></p>	<p>SDG&amp;E remains a direct competitor to Community Power and investor-owned utilities generally remain in competition with their CCA counterparts. In June 2022, for example, SDG&amp;E unexpectedly lowered its rates. A 10-point reduction in SDG&amp;E rates on 1/1/26, for example translates in up to ~\$200M in net income if Community Power reduces rates in lockstep.</p>	<p><b>\$200 million annually</b></p>
<p><b>Participation rates</b> <i>CCA participation rates range from 80% to 97%</i></p>	<p>At the 1/23/25 Board meeting Community Power’s participation rates for were reported at 95.4%. The 5-year forecast assumes a 95% participation rate; other CCAs report participation rates as low as 80%. An 80% participation rate would drop Community Power net income by ~\$100M annually.</p>	<p><b>\$73 million annually</b></p>
<p><b>Heat wave</b> <i>Additional, unhedged energy needs in a heat-wave scenario</i></p>	<p>Community Power modeled a scenario for what a “bad month” in summer 2022 could look like regarding cashflow. The two key drivers of the analysis were day-ahead market exposure and DA-RT imbalance cost as summarized here with notes and assumptions below.</p>	<p><b>\$22 million annually</b></p>
<p><b>Regulatory/legislative uncertainty</b> <i>Administration changes signals change in energy landscape</i></p>	<p>New federal administration has signaled rollback of green energy initiatives, incentives, programs, and support. Uncertainty around the future of the energy landscape, such as the rollback of the Investment Tax Credit (ITC), may negative impact Community Power’s net income.</p>	<p><b>Undetermined</b></p>

# Cost of energy projection

FY25 Expense Projections

**+\$767.3M**

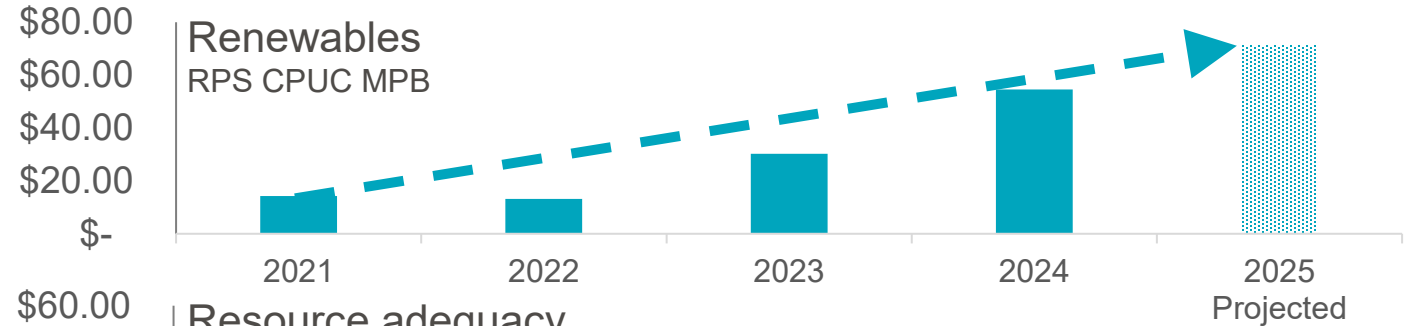
**FY25 Cost of Energy Increase**  
Mar 21 to Jan 25



# Cost of energy projections (continued)

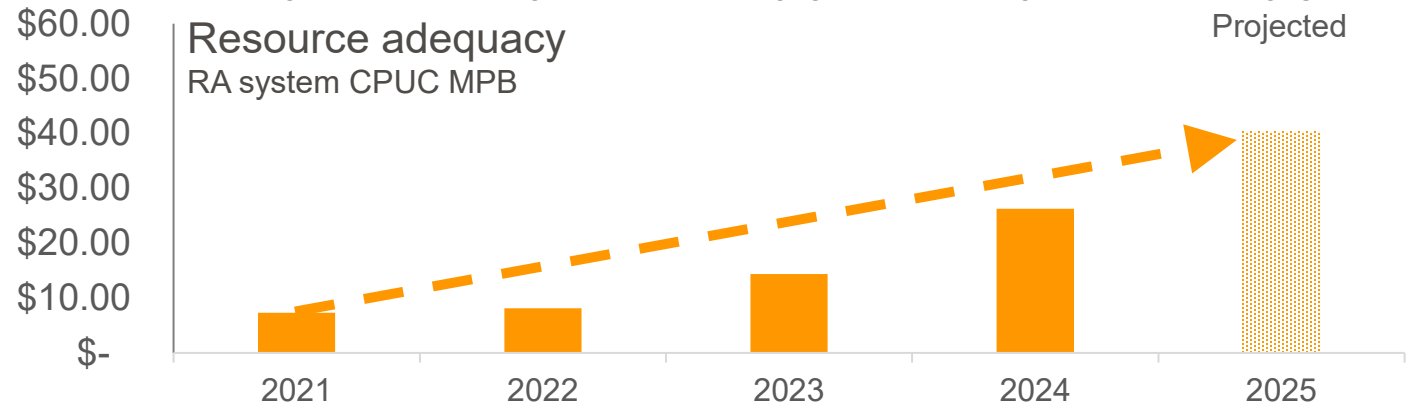
## Renewables

Renewable prices **increase** as IRA credits reduced by federal government.



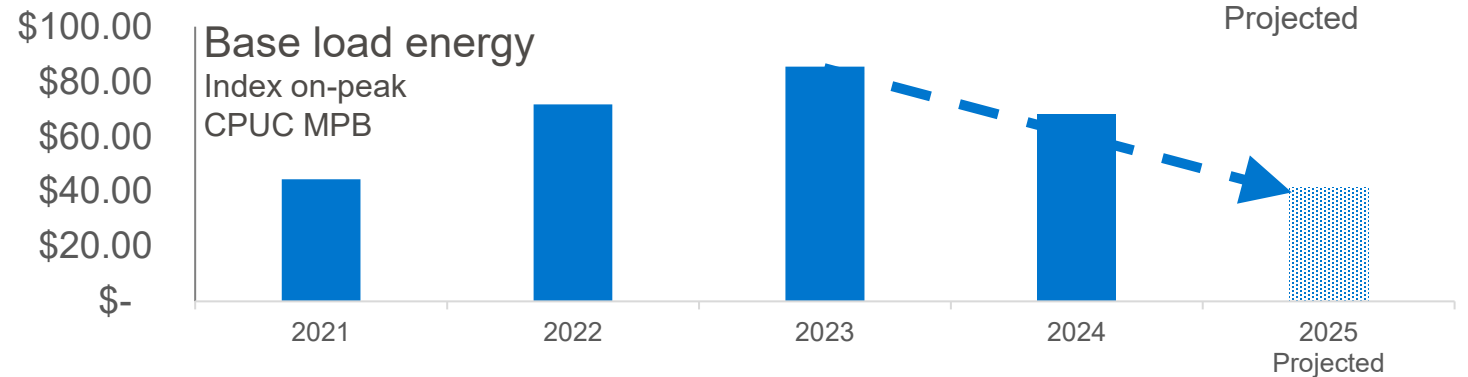
## Resource adequacy

Resource adequacy prices **increase** due to uncertainty.



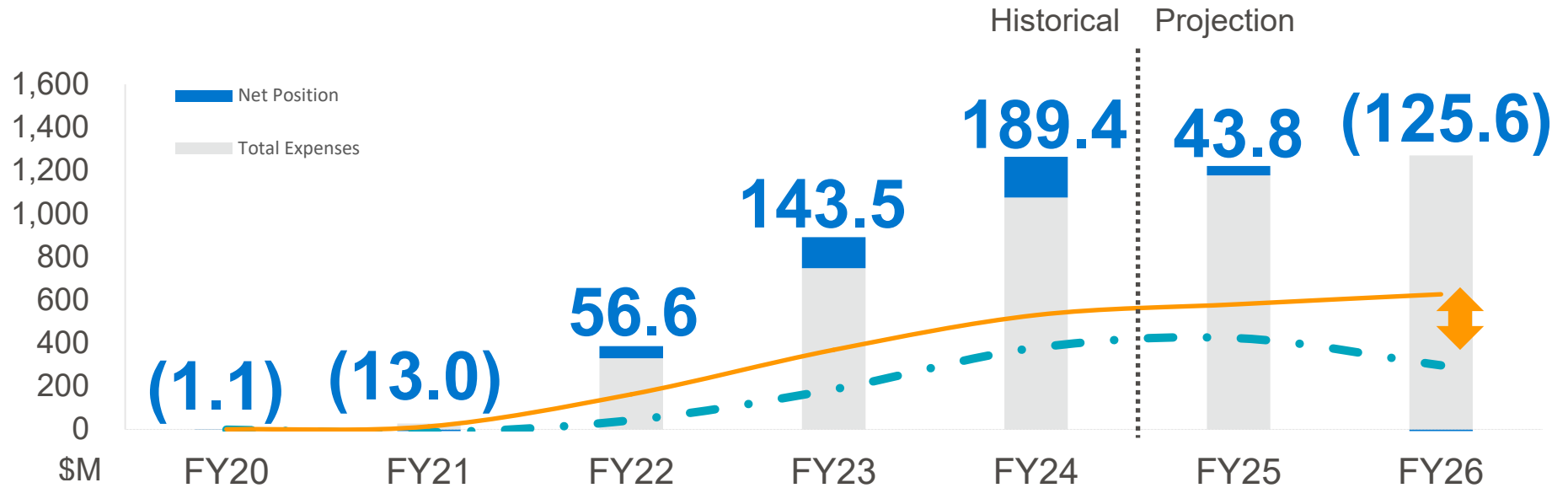
## Base load

Brown power **decreases** as federal government eases drilling.



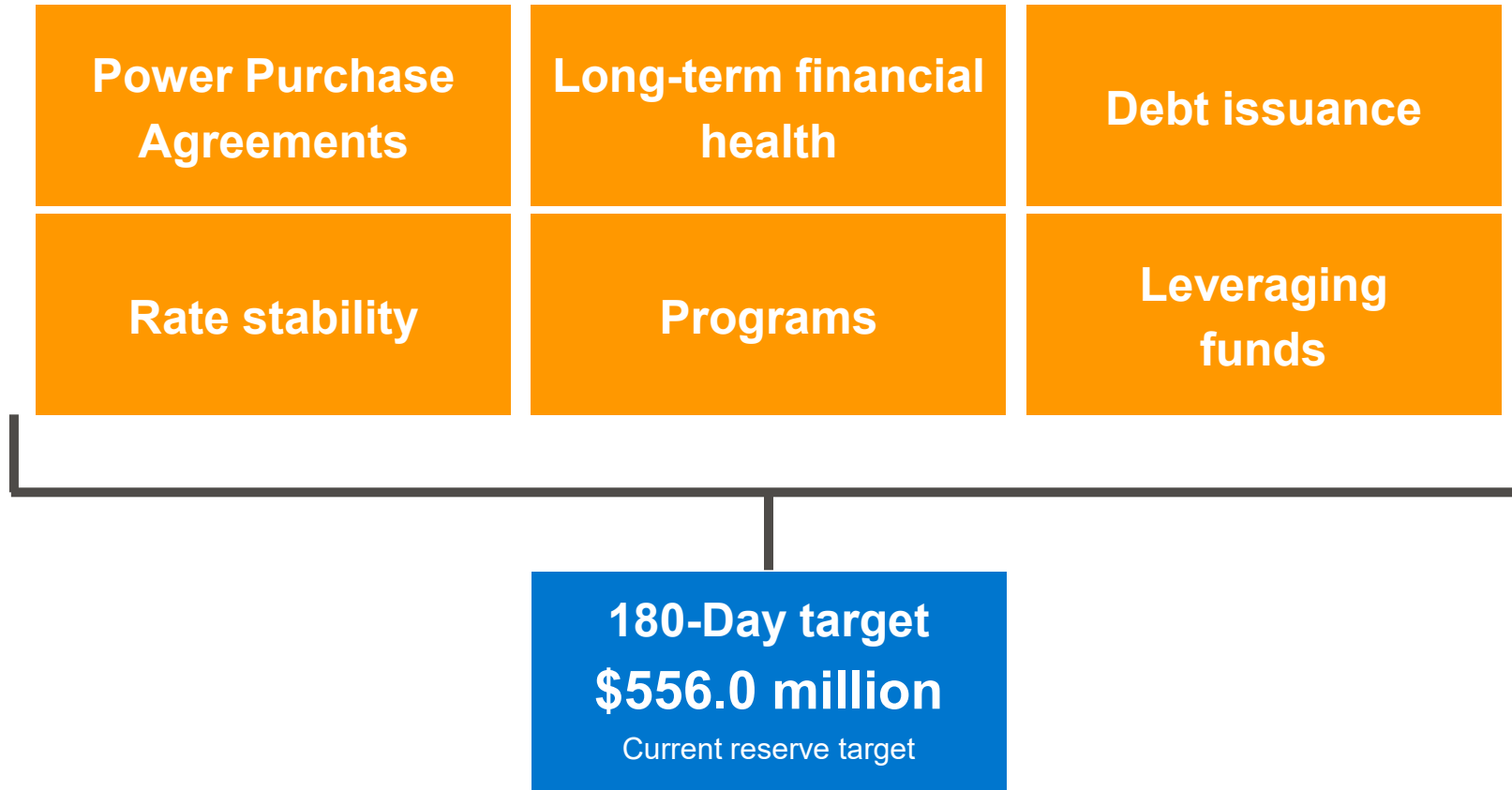
# Risk assessment based on variable market projections

- Model assumes a combination of factors that would stress reserves, but maintain fiscal stability under balanced rates proposal
- Volatile market conditions have significant potential impacts to Community Power's reserves



Operating Budget, \$M	FY21	FY21	FY22	FY23	FY24	FY25	FY26
Net Revenue	0.0	14.8	386.3	891.6	1,264.4	1,221.3	1,145.0
Total Expense	1.1	27.8	329.7	748.2	1,075.0	1,177.4	1,270.6
Annual Reserve (Net Position)	(1.1)	(13.0)	56.6	143.5	189.4	43.8	(125.6)
Cumulative Net Position	(1.1)	(14.0)	42.5	186.0	378.9	422.7	297.1
180-Day Expense	0.5	13.7	162.6	369.0	530.1	580.6	626.6

# Why reserves?

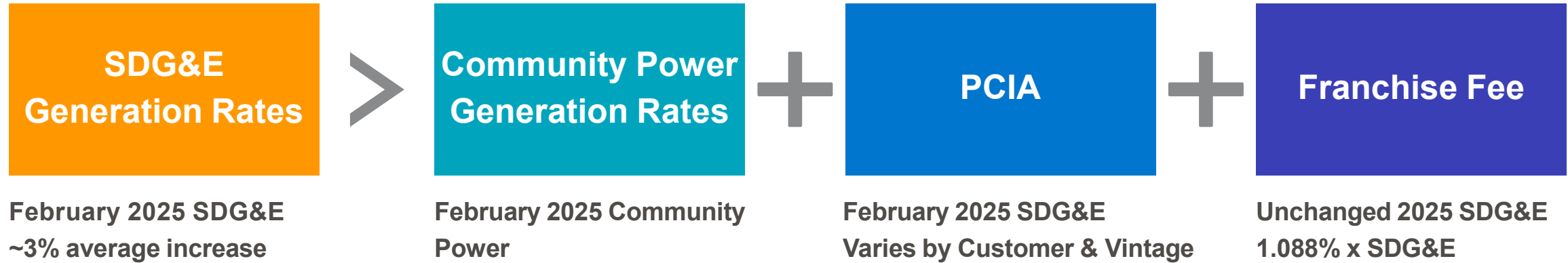




# Reserve strategic goals

<b>90-Days Cash</b> \$250.0 million October 2023	<b>Complete</b>
<b>180-Days Cash</b> \$500.0 million October 2025	<b>In progress</b>
<b>Investment Grade</b> Credit Rating November 2025	<b>In progress</b>
<b>Rate Stabilization</b> \$70.0 million TBD	<b>In progress</b>

# Rate mechanics: balanced scenario 2



## Customer Classes:

- Residential
- Small Commercial
- Medium and Large C&I
- Agriculture
- Lighting

## Vintage Year

- Vintage 2020 - Phase 1& 2
- Vintage 2021 - Phase 3
- Vintage 2022 - Phase 4

# Scenario 2: balanced (staff recommended) bill impacts

Rate: TOU-DR1

TOU-DR1	SDG&E	Community Power PowerBase	Community Power PowerOn	Community Power Power100	Community Power PowerBase/ SDG&E Delta	Community Power PowerOn/ SDG&E Delta	Community Power Power100/ SDG&E Delta
Residential							
Generation (\$)	\$49.27	\$52.00	\$53.02	\$56.36			
PCIA (\$)	\$0.70	-\$4.56	-\$4.56	-\$4.56			
Franchise Fees (\$)	\$1.01	\$1.01	\$1.01	\$1.01			
<b>Total Generation (\$)</b>	<b>\$50.98</b>	<b>\$48.45</b>	<b>\$49.47</b>	<b>\$52.81</b>	<b>-5.00%</b>	<b>-3.00%</b>	<b>3.00%</b>
Delivery (\$)	\$82.54	\$82.53	\$82.53	\$82.53			
<b>Average Monthly Bill (\$)</b>	<b>\$133.52</b>	<b>\$130.98</b>	<b>\$132.00</b>	<b>\$135.34</b>	<b>-1.90%</b>	<b>-1.14%</b>	<b>1.36%</b>

Average monthly usage (kWh) 334

PCIA vintage 2021

Rates as of February 1, 2025

# Scenario 2: balanced (staff recommended) bill impacts

Rate: AL-TOU (secondary voltage)

ALTOU (secondary voltage)	SDG&E	Community Power PowerBase	Community Power PowerOn	Community Power Power100	Community Power PowerBase/ SDG&E Delta	Community Power PowerOn/ SDG&E Delta	Community Power Power100/ SDG&E Delta
Medium/Large Commercial							
Generation (\$)	\$4,301.57	\$4,241.88	\$4,325.66	\$4,571.05			
PCIA (\$)	-\$157.29	-\$306.98	-\$306.98	-\$306.98			
Franchise Fees (\$)	\$98.89	\$98.88	\$98.88	\$98.88			
<b>Total Generation (\$)</b>	<b>\$4,243.17</b>	<b>\$4,033.79</b>	<b>\$4,117.57</b>	<b>\$4,362.95</b>	<b>-5.00%</b>	<b>-3.00%</b>	<b>3.00%</b>
Delivery (\$)	\$4,845.64	\$4,844.91	\$4,844.91	\$4,844.91			
<b>Average Monthly Bill (\$)</b>	<b>\$9,088.81</b>	<b>\$8,878.70</b>	<b>\$8,962.48</b>	<b>\$9,207.87</b>	<b>-2.31%</b>	<b>-1.39%</b>	<b>1.31%</b>

Average monthly usage (kWh) 24, 538

Average monthly demand (kWh) 68

PCIA vintage 2020

Rates as of February 1, 2025

# Scenario 2: balanced (staff recommended) bill impacts

Rate: TOU-A (secondary voltage)

TOU-A (secondary voltage)	SDG&E	Community Power PowerBase	Community Power PowerOn	Community Power Power100	Community Power PowerBase/ SDG&E Delta	Community Power PowerOn/ SDG&E Delta	Community Power Power100/ SDG&E Delta
Small Commercial							
Generation (\$)	\$158.58	\$162.86	\$166.14	\$178.55			
PCIA (\$)	\$2.64	-\$9.82	-\$9.82	-\$9.82			
Franchise Fees (\$)	\$5.36	\$5.36	\$5.36	\$5.36			
<b>Total Generation (\$)</b>	<b>\$166.58</b>	<b>\$158.40</b>	<b>\$161.68</b>	<b>\$174.09</b>	<b>-5.00%</b>	<b>-3.00%</b>	<b>4.00%</b>
Delivery (\$)	\$326.28	\$326.24	\$326.24	\$326.24			
<b>Average Monthly Bill (\$)</b>	<b>\$492.86</b>	<b>\$484.64</b>	<b>\$487.92</b>	<b>\$500.33</b>	<b>-1.67%</b>	<b>-1.00%</b>	<b>1.52%</b>

Average monthly usage (kWh)	1,241
Average monthly demand (kWh)	6
PCIA vintage	2020
<b>Rates as of February 1, 2025</b>	

# 2025 SDG&E commodity rates trajectory

Illustrative SDG&E rates, effective 02-01-2025

SDG&E's system avg. commodity rates are projected to increase by 3.32%

Customer Class	SDG&E Avg. Commodity Rate (\$/kWh)							SDG&E Avg. Commodity Rate Change (%)				
	1/1/2023	1/1/2024	3/1/2024	10/1/2024*	1/1/2025**	1/1/2025***	2/1/2025	1/1/2023 - 1/1/2024	1/1/2024 - 3/1/2024	3/1/2024 - 10/1/2024	10/1/2024 - 1/1/2025	10/1/2024 - 2/1/2025
Residential	0.1967	0.1514	0.1517	0.1517	0.1519	0.1622	0.1578	-23.03%	0.19%	0.00%	6.96%	4.03%
Small Commercial	0.1742	0.1283	0.1285	0.1285	0.1288	0.1385	0.1348	-26.34%	0.19%	0.00%	7.78%	4.85%
M/L C&I	0.2039	0.1578	0.1581	0.1581	0.1578	0.1660	0.1616	-22.61%	0.18%	0.00%	5.04%	2.21%
Agricultural	0.1455	0.1120	0.1122	0.1122	0.1116	0.1174	0.1142	-23.00%	0.18%	0.00%	4.61%	1.78%
Lighting	0.1286	0.0991	0.0993	0.0993	0.0995	0.1063	0.1034	-22.92%	0.19%	0.00%	7.07%	4.13%
<b>System Total</b>	<b>0.1947</b>	<b>0.1499</b>	<b>0.1502</b>	<b>0.1502</b>	<b>0.1503</b>	<b>0.1595</b>	<b>0.1552</b>	<b>-23.03%</b>	<b>0.19%</b>	<b>0.00%</b>	<b>6.20%</b>	<b>3.32%</b>

\* SDG&E 10/1/2024 rate change did not revise commodity rates and PCIA.

\*\* SDG&E proposed 1/1/2025 rates from Oct. 2025 ERRR Update, filed 10/21/2024.

\*\*\* SDG&E proposed 1/1/2025 rates from Nov. Consolidated Rates Filing, filed 11/15/2024.

# 2025 Community Power rate scenarios summary

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Meets Credit Rating Metrics?	✓	✓	✗
Meets Debt Service Coverage Ratio (DSCR)?	✓	✓	✗
Meets 180-Day Cash on Hand?	✓	✓	✗

# Balanced (staff recommended) scenario summary

- Rates to be retroactively effective for Feb. 1, 2025.
- Default PowerOn generation rates will be 3% less expensive than SDG&E rates.
- PowerBase generation rates will be 5% less expensive than SDG&E rates.
- Power100 and Power100 Green-e Certified services will maintain premiums of \$0.01/kWh and \$0.02/kWh, respectively.
- Higher renewable content (PowerOn at 51.1% versus SDG&E at 41.4%, per latest 2023 Power Content Labels).
- Allows Community Power to maintain its current reserve levels and work towards a 180-day cash on hand reserve target which will provide financial stability.
- Meets liquidity and FCC metrics that support an investment-grade credit rating.
- Satisfies credit obligations with lenders and power purchase agreements.
- Prepares Community Power for future energy market fluctuations and regulatory uncertainty.





# **Public Comment on Item No. 1**

The image features a central white diamond shape pointing to the right, set against a background of blue water with ripples. The word "Adjournment" is written in a bold, blue, sans-serif font across the center of the white diamond.

**Adjournment**



# Next Regular Board of Directors Meeting

February 27, 2025

