



## **AGENDA**

### **Meeting of the Finance and Risk Management Committee San Diego Community Power (Community Power)**

**Thursday, January 16, 2025  
3 p.m.**

**City of Chula Vista  
Council Chambers, 276 Fourth Avenue, Chula Vista, CA**

The meeting will be held in person at the above date, time and location. Finance and Risk Management Committee (FRMC) Members and members of the public may attend in person. Under certain circumstances, FRMC Members may also attend and participate in the meeting virtually pursuant to the Brown Act (Gov. Code § 54953). As a convenience to the public, Community Power provides a call-in option and internet-based option for members of the public to virtually observe and provide public comments at its meetings. Additional details on in-person and virtual public participation are below. Please note that, in the event of a technical issue causing a disruption in the call-in option or internet-based option, the meeting will continue unless otherwise required by law, such as when an FRMC Member is attending the meeting virtually pursuant to certain provisions of the Brown Act.

Note: Any member of the public may provide comments to the FRMC on any agenda item. When providing comments, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the FRMC as a whole through the Chair. Comments may be provided in one of the following manners:

1. Providing oral comments during the meeting. Anyone attending in person desiring to address the FRMC is asked to fill out a speaker's slip and present it to the Clerk of the Board. To provide remote comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. Members of the public will not be shown on video but will be able to speak when called upon. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing \*9. Comments will be limited to three (3) minutes.
2. Written Comments. Written public comments must be submitted prior to the start of the meeting to [clerkoftheboard@sdcommunitypower.org](mailto:clerkoftheboard@sdcommunitypower.org). Please indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the FRMC

members. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments read at the meeting will be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the FRMC members, and be part of the public record.

If you have anything that you wish to be distributed to the FRMC, please provide it via [clerkoftheboard@sdcommunitypower.org](mailto:clerkoftheboard@sdcommunitypower.org), who will distribute the information to the Members.

The public may participate using the following remote options:

Teleconference Meeting Webinar

<https://sdcommunitypower-org.zoom.us/j/95148519712>

Telephone (Audio Only) (669) 900-6833 or (253) 215-8782 | Webinar ID:  
95148519712

## **WELCOME**

## **CALL TO ORDER**

## **ROLL CALL**

## **PLEDGE OF ALLEGIANCE**

## **ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA**

## **PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA**

*Opportunity for members of the public to address the FRMC on any items not on the agenda but within the jurisdiction of the FRMC. Members of the public may provide a comment in any manner described above.*

## **CONSENT CALENDAR**

1. **Approve October 17, 2024, Meeting Minutes**
2. **Approval of 2025 Meeting Schedule for San Diego Community Power (Community Power) Finance and Risk Management Committee**

## **REGULAR AGENDA**

3. **Approve a Contract with Maher Accountancy for General Accounting Professional Services in an Amount Not-to-Exceed \$1,131,000 from February 1, 2025, through January 31, 2027, and for Two Optional One-Year Extensions in an Amount Not-to-Exceed \$377,000 Each Respective Year, and Authorize the Chief Executive Officer to Execute the Contract**

Recommendation: Recommend Board approve a Contract with Maher Accountancy for General Accounting Professional Services in an Amount Not-to-Exceed \$1,131,000 from February 1, 2025, through January 31, 2027, and for Two Optional One-Year Extensions in an Amount Not-to-Exceed \$377,000 for Each Respective Year, and, Authorize the Chief Executive Officer to Execute the Contract.

4. **Review of Treasurer's Report for Period Ending November 30, 2024**

Recommendation: Receive and File Treasurer's Report for Period Ending September 30, 2024

5. **Update on 2025 Projected Rate Changes**

Recommendation: Receive and file the Update on 2025 Projected Rate Changes.

### **Committee Member Announcements**

*FRMC Members may briefly provide information to other members and the public. There is to be no discussion or action taken on comments made by FRMC Members unless authorized by law.*

## **ADJOURNMENT**

The Finance and Risk Management Committee will adjourn to the next regular meeting scheduled on February 20, 2025.

### ***Compliance with the Americans with Disabilities Act***

Community Power Committee meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting may contact [clerkoftheboard@sdcommunitypower.org](mailto:clerkoftheboard@sdcommunitypower.org). Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

### ***Availability of Committee Documents***

Copies of the agenda and related materials are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Late-arriving documents

related to an agenda item, which are distributed to a majority of the Committee Members prior to or during the Committee meeting are available for public review as required by law. Public records, including agenda-related documents, can be requested electronically at [clerkoftheboard@sdcommunitypower.org](mailto:clerkoftheboard@sdcommunitypower.org) or by mail to SD Community Power, PO BOX 12716, San Diego, CA 92112. The documents may also be posted at Community Power's website. Such public records are also available for inspection by contacting [clerkoftheboard@sdcommunitypower.org](mailto:clerkoftheboard@sdcommunitypower.org) to arrange an appointment.



**FINANCE AND RISK MANAGEMENT COMMITTEE  
SAN DIEGO COMMUNITY POWER (COMMUNITY POWER)**

City of Chula Vista  
Council Chambers, 276 Fourth Avenue, Chula Vista, CA

**Regular Meeting Minutes  
October 17, 2024**

---

**WELCOME**

**CALL TO ORDER**

Chair McCann called the Finance and Risk Management Committee meeting to order at 3:01 p.m.

**ROLL CALL**

PRESENT: Chair McCann, City of Chula Vista; Director Yamane, City of National City; and Director Aguirre, City of Imperial Beach

ABSENT: None

Also Present: Chief Financial Officer/Treasurer Washington; General Counsel Tyagi; Brett Bradford and Aliandra Schaffer representing Pisenti & Brinker LLP; Clerk of the Board Hernandez; and Assistant Clerk of the Board Vences

**PLEDGE OF ALLEGIANCE**

Director Yamane led the Pledge of Allegiance.

**ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA**

There were no items to be added, withdrawn, or reordered on the agenda.

**PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA**

Scott R. Andrews, Neighborhood National Bank representative, provided public comments.

## **CONSENT CALENDAR**

### **1. Approve September 19, 2024, Meeting Minutes**

There were no public comments on Consent Item No. 1.

Motioned by Chair McCann and seconded by Director Yamane to approve the minutes of the Finance and Risk Management Committee meeting held on Thursday, September 19, 2024. The motion carried unanimously as follows:

|            |   |
|------------|---|
| AYES:      | Chair McCann, Director Yamane, and Director Aguirre |
| NOES:      | None  |
| ABSTAINED: | None  |
| ABSENT:    | None  |

## **REGULAR AGENDA**

### **2. Fiscal Year End 2023-24 Financial Audit Progress Report Presentation**

Dr. Washington, Brett Bradford, and Aliandra Schaffer from Pimenti & Brinker LLP provided a presentation on the Fiscal Year End 2023-24 Financial Audit Progress Report.

There were no public comments on Item No. 2.

Following Committee questions, discussion and comments, Chair McCann motioned and seconded by Director Aguirre to receive and file the Fiscal Year End 2023-24 Financial Audit Progress Report. The motion carried unanimously as follows:

|            |   |
|------------|---|
| AYES:      | Chair McCann, Director Yamane, and Director Aguirre |
| NOES:      | None  |
| ABSTAINED: | None  |
| ABSENT:    | None  |

### **3. Review of Treasurer's Report for Period Ending July 31, 2024**

Dr. Washington presented the Treasurer's Report for Period Ending July 31, 2024.

There were no public comments on Item No. 3.

Committee members received and filed Item No. 3.

### **4. Recommend Board Approval of Resolution No. 2024-08, authorizing execution of an Energy Prepayment Transaction and related documents and 'form of' documents subject to maximum issuance amount and minimum savings parameters**

Dr. Washington provided an overview on the Energy Prepayment Transaction.

There were no public comments on Item No. 4.

Following Committee questions and comments, Director Yamane motioned and seconded by Chair McCann to recommend Board Approval of Resolution No. 2024-08, authorizing execution of an Energy Prepayment Transaction and related documents and 'form of' documents subject to maximum issuance amount and minimum savings parameters. The motion carried unanimously as follows:

|            |   |
|------------|---|
| AYES:      | Chair McCann, Director Yamane, Director Aguirre |
| NOES:      | None  |
| ABSTAINED: | None  |
| ABSENT:    | None  |

**5. Recommend Board Approval of Amendment to the Revolving Credit Agreement with JP Morgan to Increase the Credit Facility from \$150,000,000 to \$250,000,000**

Dr. Washington provided an overview on the Amendment to the Revolving Credit Agreement with JP Morgan to Increase the Credit Facility.

There were no public comments on Item No. 5.

Following Committee questions and comments, Director Aguirre motioned and seconded by Director Yamane to recommend Board Approval of Amendment to the Revolving Credit Agreement with JP Morgan to Increase the Credit Facility from \$150,000,000 to \$250,000,000. The motion carried unanimously as follows:

|            |   |
|------------|---|
| AYES:      | Chair McCann, Director Yamane, Director Aguirre |
| NOES:      | None  |
| ABSTAINED: | None  |
| ABSENT:    | None  |

**Committee Member Announcements**

Chair McCann expressed appreciation to the Finance Department and all other Community Power staff members for attending the meetings at the Chula Vista Council Chambers.

## **ADJOURNMENT**

The Finance and Risk Management Committee meeting was adjourned at 3:30 p.m. to the next Finance and Risk Management Committee meeting scheduled on Thursday, November 14, 2024.

---

Sandra Vences, Assistant Clerk of the Board





**SAN DIEGO COMMUNITY POWER  
Staff Report – Item 2**

---

**TO:** Finance and Risk Management Committee

**FROM:** Maricela Hernandez, Clerk of the Board

**VIA:** Karin Burns, Chief Executive Officer

**SUBJECT:** Approval of 2025 Meeting Schedule for San Diego Community Power (Community Power) Finance and Risk Management Committee

**DATE:** January 16, 2025

---

**RECOMMENDATION:**

Approve Community Power Finance and Risk Management Committee meeting schedule for 2025.

**ANALYSIS AND DISCUSSION:**

During the 2024 calendar year, the Finance and Risk Management Committee held their meetings every third Thursday of the month at 3 p.m., except when holidays required an adjustment. Moving forward, staff recommends maintaining the same schedule. Community Power Finance and Risk Management Committee meetings are scheduled to be held at the City of Chula Vista Council Chambers, 276 Fourth Avenue, Chula Vista; except when such Council Chambers are not available.

Meetings are anticipated to be in person with remote/teleconference option for members of the public, staff, and also for Community Power Finance and Risk Management Committee members if the need arises.

Below are proposed 2025 Finance and Risk Management Committee meeting dates with a start time of 3 p.m. (exceptions noted):

- January 16, 2025
- February 20, 2025
- March 20, 2025
- April 17, 2025
- May 15, 2025
- June 12, 2025 (Second Thursday)
- July 17, 2025
- August 21, 2025
- September 18, 2025

- October 16, 2025
- November 13, 2025 (Second Thursday)
- December 4, 2025 (First Thursday)

**FISCAL IMPACT:**

N/A

**ATTACHMENTS:**

N/A



**SAN DIEGO COMMUNITY POWER**  
**Staff Report – Item 3**

---

**TO:** Finance and Risk Management Committee

**FROM:** Eric W. Washington, Chief Financial Officer/Treasurer

**VIA:** Karin Burns, Chief Executive Officer

**SUBJECT:** Recommend Board Approve a Contract with Maher Accountancy for General Accounting Professional Services in an Amount Not-to-Exceed \$1,131,000 from February 1, 2025, Through January 31, 2027, and for Two Optional One-Year Extensions in an Amount Not-to-Exceed \$377,000 Each Respective Year, for a Total Not-to-Exceed Amount of \$1,885,000, and Authorize the Chief Executive Officer to Execute the Contract

**DATE:** January 16, 2024

---

**RECOMMENDATION:**

Recommend Board approve a Contract with Maher Accountancy for General Accounting Professional Services in an Amount Not-to-Exceed \$1,131,000 from February 1, 2025, through January 31, 2027, and for Two Optional One-Year Extensions in an Amount Not-to-Exceed \$377,000 for Each Respective Year, for a total a total not-to-exceed amount of \$1,885,000, and Authorize the Chief Executive Officer to Execute the Contract.

**BACKGROUND:**

On June 25, 2020, the San Diego Community Power (Community Power) Board of Directors (Board) received an update from staff on a request for proposals and other solicitations stating that an accounting firm with Community Choice Aggregation (CCA) experience, Maher Accountancy (Consultant), would be retained and would start work for Community Power on August 1, 2020.

Subsequently, on August 1, 2020, the professional services agreement (Agreement) between Community Power and the Consultant was executed for a term of August 1, 2020, to July 31, 2021, with a not-to-exceed amount of \$112,500. Later, on May 27, 2021, the Board approved the first amendment to the Agreement to establish the not-to-exceed amount of \$241,000 for the period covering May 1, 2021, to June 30, 2022. Then on June 23, 2022, the Board approved the second amendment to the Agreement to establish the not-to-exceed amount of \$223,000 for the period July 1, 2022, to June 30, 2023. Subsequently, the Board approved a third amendment to the Agreement to establish the not-to-exceed amount of \$297,000 for the period July 1, 2023, to June 30, 2024. Next, on

June 28, 2024, a fourth amendment was executed by the Chief Executive Officer through the Community Power's Contract Delegation Policy to establish a not-to-exceed amount of \$87,500 from July 1, 2024, to September 30, 2024.

On October 1, 2024, Community Power entered into a new Agreement with the Consultant through section 5.b of the Community Power Procurement Policy to establish the not-to-exceed amount of \$112,000 for a term of October 1, 2024, to January 31, 2025. The new agreement was necessary to adequately finish Community Power's FY 2023-24 financial audit consist with sections 4.6.14, 5.4, and 7.2.2 of the Community Power Joint Powers Agreement.

Finally, on November 7, 2024, Community Power issued a request for proposals (RFP) for general accounting professional services to solicit additional proposals. The deadline to submit proposals was December 12, 2024, and Community Power received four proposals. Evaluation of the proposals occurred between December 18, 2024, and December 20, 2024, with scoring based primarily on general qualifications, demonstration of past success, proposed approach, and commercial pricing terms.

Following the reviews of the proposals, Maher Accountancy was identified as the proposer able to bring the greatest value to Community Power and was the only proposer with direct, relevant experience. Maher Accountancy demonstrated strong expertise, capabilities, and experience to adequately meet Community Power's needs.

## **ANALYSIS AND DISCUSSION:**

Maher Accountancy is a full-service audit, accounting, tax, and business consulting firm that provides services to businesses and local governments across California. The Consultant provides full-service accounting to several other CCA clients in the state and provides ancillary services for other CCAs using software and analytical tools developed specifically for its CCA accounts.

This experience has allowed Maher Accountancy to develop a deep understanding of the unique business and industry needs facing Community Power. Maher Accountancy has a solid reputation in the CCA industry, both with the clients it serves and with the numerous consultants that assist CCAs. Since its inception, Maher Accountancy has focused on providing accounting and audit services to government entities.

The proposed not-to-exceed amount of \$1,131,000 for the period from February 1, 2025, to January 31, 2027, includes fees as follows:

- Monthly Financial Operational Assistance Fee: \$28,000
- Annual Financial Statement Audit Management Fee: \$16,000
- Contingency for out-of-scope items: \$25,000
- **Annual Anticipated Total Cost: \$377,000**

The proposed cost is an increase from the third amendment which included a not-to-exceed amount of \$277,000 for the period from July 1, 2023, to June 30, 2024. This increase is in alignment with the combination of cost-of-living increases resulting from inflation and an increased level of accounting services needed due to Community Power growth and development including, for example, the inclusion of accounting for the capital costs related to the \$124 million Regional Energy Network program and the inclusion of significantly more staff and professional services to accommodate agency growth.

The proposal also includes two optional one-year extensions that total \$377,000 in each respective one-year extension.

### **Scope of Services (\$377,000/year)**

Maher Accountancy's scope of services for the period outlines the tasks below.

#### **I. Monthly Financial Operational Assistance (\$28,000/month):**

- a) Maintain accounting system, accounts payable system and processes.
- b) Maintain the general ledger with proper support and documentation, including:
  - 1. Posting accrued revenue, cash receipts, accounts payable, cash disbursements, payroll, accrued expenses, aggregate customer billings, etc.
  - 2. Prepare or maintain the following monthly analysis regarding general ledger account balances:
    - Reconciliation to statements from CCA's financial institution for cash activity and balances;
    - Reconciliation of customer data manager reports of customer activity and accounts receivable aging to general ledger;
    - Computation of estimated user fees earned but not billed as of the end of the reporting period;
    - Schedule of depreciation of capital assets;
    - Aged schedule of accounts payable;
    - Schedules of details regarding all remaining balance sheet accounts.
- c) Manage accounts payable: Provides documentation of management review, proper segregation of duties, and access to source data. Ensures that required authorization is documented and that account coding is

correct. Also provides for internal control to authorize the release of payment, providing an additional safeguard. Additionally, provides weekly and monthly support for ongoing payments to SD Community Power's net-energy-metering customers.

- d) Assist with compliance of fiscal provisions of non-energy vendor contracts for services. Before remitting vendor invoices for management approval, verifies that each vendor invoice is compliant with contract provisions regarding time periods, rates, and financial limits.
  - e) Provide monthly year-to-date financial statements in compliance preferably with GAAP (without disclosures). The financial statements will be considered a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the AICPA.
  - f) Provide monthly financial statements with comparison to budget.
    - 1. Provide timely budget amendments and insight suggestions.
  - g) Filing annual information returns, such as form 1099/1096's.
  - h) Prepare and file various compliance reports for state and local agencies such as user taxes, energy surcharges and state controller reports including financial transaction and government compensation in California and other states as needed.
  - i) Assist in treasury function and assist staff with development of the operating budget.
- II. Financial Statement Audit Support (\$16,000/yearly audit)
- a) Draft financial statements, notes, and MD&A letter
  - b) Prepare audit workpapers
  - c) Coordinate with SD Community Power and the auditor.
- III. Grant Management Support (Cost included in monthly financial operational assistance)
- a) Provides ongoing support in grant billing and reconciliation in compliance with grant-specific local, state and federal grant guidelines
  - b) Assists in the preparation of SD Community Power's single audit, if necessary
  - c) Maintains financial statements for the San Diego Regional Energy Network

d) Other grant support as needed

IV. Contingency for out-of-scope items (\$25,000/year)

**FISCAL IMPACT:**

The proposed not-to-exceed amount of \$1,131,000 for the period from February 1, 2025, to January 31, 2027, includes an annual cost of \$377,000. The proposed cost is an increase from the third amendment which included an annual not-to-exceed amount of \$277,000 for the period from July 1, 2023, to June 30, 2024. The proposed not-to-exceed amount was the most competitive proposal received from the RFPs that were submitted, in which, for example, a proposal was received that included an annual fee greater than \$1 million.

This increase is also in alignment with the combination of cost-of-living increases resulting from inflation and an increased level of accounting services needed due to Community Power growth and development including, for example, the inclusion of accounting for the capital costs related to the \$124 million Regional Energy Network program and the inclusion of significantly more staff and professional services to accommodate agency growth.

**COMMITTEE REVIEW:**

N/A

**ATTACHMENTS:**

Attachment A: Professional Services Agreement Between San Diego Community Power and Maher Accountancy.

# ITEM 3

# ATTACHMENT A



## **SAN DIEGO COMMUNITY POWER PROFESSIONAL SERVICES AGREEMENT**

This Professional Services Agreement (“Agreement”) is made and entered into on January XX, 2025, by and between **SAN DIEGO COMMUNITY POWER**, a California joint powers authority (“Community Power”) and **MAHER ACCOUNTANCY**, a California corporation (“Consultant”). Community Power 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 Community Power on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing the services reflected in Exhibit A and is familiar with the plans of Community Power.
- B. Community Power desires to engage Consultant to render such professional services for general accounting services, financial statements audit support, financial operational assistance, and grants management support (“Project”) as detailed in Exhibit A.

### **AGREEMENT**

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

1.1 General Scope of Project. Consultant promises and agrees to furnish to Community Power all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the Project. The Project is more particularly described in Exhibit A attached hereto. The Project 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 February 1, 2025 to January 31, 2027 unless earlier terminated as provided herein. Consultant shall complete the Project within the term of this Agreement and shall meet any other established schedules and deadlines.

1.2.1 Option to Extend. SDCP shall have the option to extend the term of this Agreement for two (2) additional terms of one (1) year each commencing on the first day after the expiration date of the previous term. SDCP may exercise the options by giving Consultant written notice not later than sixty (60) days prior to the expiration of the then current term. If SDCP exercises the options to extend, Consultant’s allowable compensation under Section 3.1 shall reset for each additional term.

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

2.1 Control and Payment of Subordinates; Independent Contractor. The Project shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Project subject to the requirements of this Agreement. Community Power 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 Project under this Agreement on behalf of Consultant shall also not be employees of Community Power 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 the Project 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 Project. Consultant shall perform the Project expeditiously, within the term of this Agreement. Consultant represents that it has the professional and technical personnel required to perform the Project in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, Community Power shall respond to Consultant's submittals in a timely manner. Upon request of Community Power, Consultant shall provide a more detailed schedule of anticipated performance to meet the schedule of the Project.

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

2.4 Substitution of Key Personnel. Consultant has represented to Community Power that certain key personnel will perform and coordinate the Project 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 Community Power. In the event that Community Power and Consultant cannot agree as to the substitution of key personnel, Community Power shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Project in a manner acceptable to Community Power, or who are determined by the Community Power 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 the Community Power. The key personnel for performance of this Agreement are as follows:

**Michael Maher, Vice President**

2.5 Community Power's Representative. In its capacity as investment manager, Consultant shall receive all instructions, directions and other communications on Community Power's behalf respecting Community Power's account from Eric Washington, Community Power Chief Financial Officer & Treasurer ("Community Power Representative"). Consultant is hereby authorized to rely and act upon all such instructions, directions and communications from such Representative or any agent of such Representative.

2.6 Consultant's Representative. Consultant hereby designates Michael Maher, or his 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 Project, 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 Project under this Agreement.

2.7 Coordination of Project. Consultant agrees to work closely with Community Power

staff in the performance of Project and shall be available to Community Power's staff, consultants and other staff at all reasonable times.

2.8 Standard of Care; Performance of Employees. Consultant shall perform the Project 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 Project. Consultant warrants that all employees and sub-contractors shall have sufficient skill and experience to perform the Project 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 Project, 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 Community Power, 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 Community Power 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 Project in a manner acceptable to Community Power, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform 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, 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 the Project. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to Community Power, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold Community Power, 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 Project under this Agreement until it has provided evidence satisfactory to Community Power that it has secured all insurance required under this section, in a form and with insurance companies acceptable to Community Power. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to Community Power 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 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 limits of \$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 Project, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$2,000,000 per claim. 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 Community Power 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 Community Power, 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 Community Power’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) Community Power, 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 Community Power, 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 Community Power, 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 Community Power, 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 Community Power, 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 Community Power (if agreed to in a written contract or agreement) before Community Power’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 Community Power 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 Community Power 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 Community Power, 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, Community Power has the right but not the duty to obtain the insurance it deems necessary and any premium paid by Community Power will be promptly reimbursed by Consultant or Community Power will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, Community Power may cancel this Agreement. Community Power may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(vi) Neither Community Power 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 Community Power, 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 Community Power. Consultant shall guarantee that, at the option of Community Power, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Community Power, 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 Community Power.

2.10.8 Verification of Coverage. Consultant shall furnish Community Power with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to Community Power. 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 Community Power if requested. All certificates and endorsements must be received and approved by Community Power before work commences. Community Power 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 Community Power 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 Community Power as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, Community Power 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 the Project, 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 the Project rendered under this Agreement at the rates set forth in Exhibit B, attached hereto. The total compensation shall not exceed one million, one hundred thirty-one thousand dollars **\$1,131,000.00** for the initial term and three hundred seventy seven thousand **\$377,000.00** for each respective, optional one-year extended term (for a total a total not-to-exceed amount of **\$1,885,000.00**) without written approval of Community Power's CEO. 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 Community Power a monthly itemized statement which indicates work completed and hours of the Project 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. Community Power 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 Community Power.

3.4 Extra Work. At any time during the term of this Agreement, Community Power may request that Consultant perform Extra Work. As used herein, “**Extra Work**” means any work which is determined by Community Power 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 Community Power’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 Community Power 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. Community Power 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 Community Power, 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, Community Power 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 the Project 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, Community Power 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 reports and other communications required hereunder to be in writing shall be delivered in person, or sent by first-class mail postage prepaid, by overnight courier, by confirmed facsimile with original to follow or by confirmed electronic mail with proof of receipt to the addresses set forth below. Either party to this Agreement may, by written notice given at any time, designate a different address for the receipt of reports and other communications due hereunder:

**Consultant: Maher Accountancy**  
Attn: Michael Maher,  
Vice President  
1101 Fifth Avenue



Suite 200  
San Rafael, CA 94901

**Community Power: San Diego Community Power**

Attn: Eric W. Washington, Chief  
Financial Officer & Treasurer  
815 E Street, Suite 12716  
San Diego, CA 92112

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.

5.2.1 **Electronic Delivery.** From time to time, Consultant may be required to deliver certain documents to Community Power such as account information, notices and required disclosures. Community Power hereby consents to Consultant's use of electronic means, such as email, to make such delivery. This delivery may include notification of the availability of such document(s) on a website, and Community Power agrees that such document(s) on a website, and Community Power agrees that such notification will constitute "delivery". Community Power further agrees to provide Consultant with Community Power's email address(s) and to keep this information current at all times by promptly notifying Consultant of any change in email address(s).

SDCP email addresses:  
EWashington@sdcommunitypower.org;  
TManglicmot@sdcommunitypower.org

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 Community Power 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 Community Power 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 Community Power. Community Power 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 Community Power's sole risk.

5.3.2 **Intellectual Property.** In addition, Community Power 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.

Community Power 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 Community Power, 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 Community Power.

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 the Community Power.

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.

Community Power 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 **Confidential Relationship.** The terms and conditions of this Agreement, and all information and advice furnished by either party to the other shall be treated as confidential and shall not be disclosed to third parties except (i) as required by law, rule, or regulation, (ii) as requested by a regulatory authority, (iii) for disclosures by either party of information that has become public by means other than wrongful conduct by such party or its officers, employees, or other personnel, (iv) for disclosures by either party to its legal counsel, accountants, or other professional advisers, (v) as necessary for Consultant to carry out its responsibilities hereunder, or (vi) as otherwise expressly agreed by the parties.

5.3.4 **Infringement Indemnification.** Consultant shall defend, indemnify and hold Community Power, 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 Community Power 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.

5.6.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of Community Power's choosing), indemnify and hold the Community Power, 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, arising solely out of the negligence, recklessness, 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 Community Power, its directors, officials, officers, employees, agents or volunteers arising solely out of the negligence, recklessness, 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 pay and satisfy any judgment, award or decree that may be rendered against Community Power or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding arising solely out of the negligence, recklessness, 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 reimburse Community Power 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. Except for actions or claims arising out of willful misconduct, Consultant's obligation to indemnify shall be restricted to insurance proceeds, if any, received by Consultant. This section shall survive any expiration or termination of this Agreement.

5.6.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code § 2782.8), then, and only to the extent required by Civil Code § 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

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 San Diego County.

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

5.10 Community Power's Right to Employ Other Consultants. Community Power 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 Community Power. 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 Community Power 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, Community Power shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of Community Power, during the term of his or her service with Community Power, 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.

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 Project.

5.20 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.

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

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

**[SIGNATURES ON FOLLOWING PAGE]**

**SIGNATURE PAGE TO  
SAN DIEGO COMMUNITY POWER PROFESSIONAL  
SERVICES AGREEMENT**

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

SAN DIEGO COMMUNITY POWER

MAHER ACCOUNTANCY

By: \_\_\_\_\_  
Karin Burns, Chief Executive Officer

By: \_\_\_\_\_  
Michael Maher, Vice President

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Veera Tyagi,  
Community Power General Counsel

ATTEST:

By: \_\_\_\_\_  
Maricela Hernandez  
Community Power Clerk of the Board

## EXHIBIT A

### SCOPE OF SERVICES

#### A. Monthly Financial Operational Assistance:

- a. Maintain accounting system, accounts payable system and processes.
- b. Maintain the general ledger with proper support and documentation, including:
  - i. Posting accrued revenue, cash receipts, accounts payable, cash disbursements, payroll, accrued expenses, aggregate customer billings, etc.
  - ii. Prepare or maintain the following monthly analysis regarding general ledger account balances:
    1. Reconciliation to statements from CCA's financial institution for cash activity and balances;
    2. Reconciliation of customer data manager reports of customer activity and accounts receivable aging to general ledger;
    3. Computation of estimated user fees earned but not billed as of the end of the reporting period;
    4. Schedule of depreciation of capital assets;
    5. Aged schedule of accounts payable;
    6. Schedules of details regarding all remaining balance sheet accounts.
- c. Manage accounts payable: Provides documentation of management review, proper segregation of duties, and access to source data. Ensures that required authorization is documented and that account coding is correct. Also provides for internal control to authorize the release of payment, providing an additional safeguard. Additionally provides weekly and monthly support for ongoing payments to SD Community Power's net-energy-metering customers.
- d. Assist with compliance of fiscal provisions of non-energy vendor contracts for services. Before remitting vendor invoices for management approval, verifies that each vendor invoice is compliant with contract provisions regarding time periods, rates, and financial limits.
- e. Provide periodic and year-to-date financial statements in compliance preferably with GAAP (without disclosures). The financial statements will be considered a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the AICPA.

- f. Provide monthly financial statements with comparison to budget.
  - i. Provide timely budget amendments and insight suggestions.
- g. Filing annual information returns, such as form 1099/1096's.
- h. Prepare and file various compliance reports for state and local agencies such as user taxes, energy surcharges and state controller reports including financial transaction and government compensation in California.
- i. Assist in treasury function and assist staff with development of the operating budget.

B. Financial Statement Audit Support

- a. Draft financial statements, notes, and MD&A letter
- b. Prepare audit workpapers
- c. Coordinate with SD Community Power and the auditor.

C. Grant Management Support

- a. Provides ongoing support in grant billing and reconciliation in compliance with grant-specific local, state and federal grant guidelines
- b. Assists in the preparation of SD Community Power's single audit, if necessary
- c. Maintains financial statements for the San Diego Regional Energy Network
- d. Other grant support as needed



EXHIBIT B

COMPENSATION BILLING RATES

**Monthly Financial Operational Assistance Fee: \$28,000**

**Annual Financial Statement Audit Management Fee: \$16,000**

**Contingency for out-of-scope items: \$25,000**

**Annual Anticipated Total Cost: \$377,000**

**Reimbursable Expenses in addition to Compensation above:**

Subscription and transaction fees for cloud-based accounts payable system (Bill.com) will be borne by Community Power. This will be a pass-through charge with no mark-up. Maher Accountancy will not pass through costs related to license fees for its own staff use.



**SAN DIEGO COMMUNITY POWER**  
**Staff Report – Item 4**

---

**TO:** Finance and Risk Management Committee

**FROM:** Eric W. Washington, Chief Financial Officer/Treasurer

**VIA:** Karin Burns, Chief Executive Officer

**SUBJECT:** Treasurer's Report for Period Ending 11/30/2024

**DATE:** January 16, 2024

---

**RECOMMENDATION:**

Receive and File Treasurer's Report for Period Ending 11/30/24.

**BACKGROUND:**

San Diego Community Power (SDCP) maintains its accounting records on a full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental enterprise funds. SDCP has prepared its year-to-date financial statements for the five-month period ended November 30, 2024, along with budgetary comparisons.

In an effort to increase public transparency and in alignment with section 1.a of the SDCP Delegated Contract Authority Policy, SDCP will also report newly executed contracts between \$50,000 and \$125,000 for goods and services in the Treasurer's Report.

SDCP additionally reports monthly metrics during its Board meetings as part of its Update on Back-Office Operations. As part of the Treasurer's Report, certain key metrics related to risk are presented during Financial and Risk Management Committee (FRMC) meetings.

On June 27, 2024, the SDCP Board of Directors (Board) approved an operating budget for Fiscal Year 2024-25 that included net operating revenues of \$1,177,925,889 total expenses of \$1,143,919,262 and a resulting net position of \$34,006,627. The approved Fiscal Year 2024-25 budget also includes a capital budget to fund 16 projects, totaling 23 active projects during the fiscal year for \$16,434,280.

## ANALYSIS AND DISCUSSION:

### Financial Results

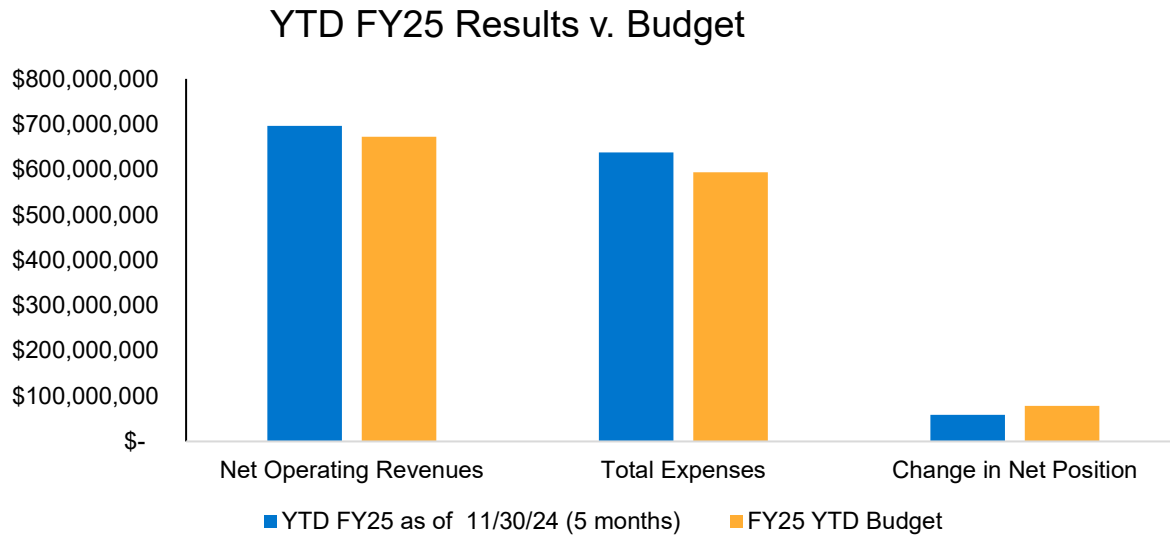
Actual financial results for the period ended 11/30/24: \$696.0 million in net operating revenues were reported compared to \$672.5 million budgeted for the period. \$637.5 million in total expenses were reported (including \$610.1 million in energy costs) compared to \$593.7 million budgeted for the period (including \$555.2 million budgeted for energy costs). After expenses, SDCP's change in net position of \$58.6 million was reported year-to-date for Fiscal Year 2024-25. The following is a summary of the actual results compared to the Fiscal Year 2024-25 Amended Budget.

Table 1: Budget Comparison Versus Actual Result

| Budget Comparison             |                                       |                      |                        |             |  |
|-------------------------------|---------------------------------------|----------------------|------------------------|-------------|--|
|                               | YTD FY25 as of<br>11/30/24 (5 months) | FY25 YTD Budget      | Budget Variance (\$)   | Budget (%)  |  |
| Net Operating Revenues        | \$ 696,048,805                        | \$ 672,519,268       | \$ 23,529,537          | 103%        |  |
| Total Expenses                | \$ 637,476,640                        | \$ 593,720,209       | \$ 43,756,431          | 107%        |  |
| <b>Change in Net Position</b> | <b>\$ 58,572,165</b>                  | <b>\$ 78,799,059</b> | <b>\$ (20,226,894)</b> | <b>-26%</b> |  |

- Net operating revenues finished \$23.5 million (or 3.0 percentage points) over the budget primarily due to slightly higher-than-expected customer load correlated with warmer weather in the summer months of calendar year 2024.
- Operating expenses finished \$43.8 million (or 7.0 percentage points) over the budget due to higher-than-expected resource adequacy (RA) costs related to modified cost allocation mechanism (MCAM) local RA and RA penalties which were not accounted for in the budget. Additionally, financial results included higher-than budgeted CAISO costs which are expected to be offset by the end of the fiscal year as Community Power realizes savings from a recent November 2024 CAISO congestion revenue rights auction. The energy results were partially offset by savings in non-energy costs.

Figure 1: Budget Comparison versus Actual Results



For the five-month period ending 11/30/24, SDCP contributed \$58,572,165 to its net position compared to the expected contribution of \$78,799,059 per the Fiscal Year 2024-25 budget. Total SDCP reserves at the end of the period were \$417,172,255 based on unrestricted cash and cash equivalents. When including the access to the unused portion of the line of credit, total liquidity was \$582,672,255. SDCP has a total Fiscal Year 2024-25 year-end unrestricted cash reserve target of \$556,027,397 which is equivalent to 180-days of total operating expenses as set in SDCP's Reserve Policy and Strategic Goals

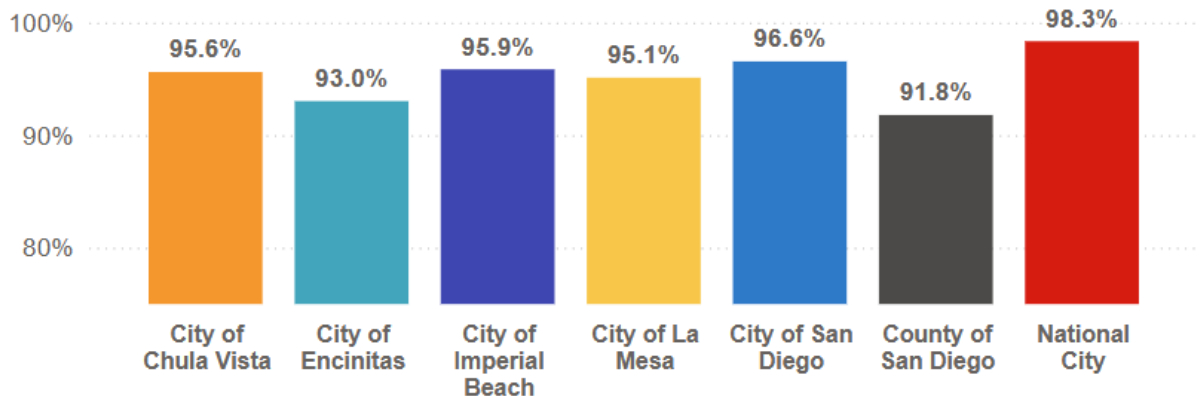
### **Contract Execution between \$50,000 and \$125,000 Report**

During the month of December 2024, SDCP did not execute any contracts between \$50,000 and \$125,000.

## Customer Risk Metrics

Figure 2: Participation Rates as of 1/7/2025

### Participation by Jurisdiction



| Jurisdiction           | Service Option Default | Eligible Accounts | Enrolled Accounts | Participation Rate |
|------------------------|------------------------|-------------------|-------------------|--------------------|
| City of Chula Vista    | PowerOn                | 98,441            | 94,124            | 95.6%              |
| City of Encinitas      | Power100               | 28,763            | 26,758            | 93.0%              |
| City of Imperial Beach | PowerOn                | 10,852            | 10,402            | 95.9%              |
| City of La Mesa        | PowerOn                | 29,364            | 27,928            | 95.1%              |
| City of San Diego      | PowerOn                | 623,534           | 602,053           | 96.6%              |
| County of San Diego    | PowerOn                | 190,414           | 174,790           | 91.8%              |
| National City          | PowerOn                | 19,359            | 19,039            | 98.3%              |
| <b>Total</b>           |                        | <b>1,000,727</b>  | <b>955,094</b>    | <b>95.4%</b>       |

The Phase 4 mass enrollment process in National City and Unincorporated County of San Diego for Non-Net Energy Metering (NEM) customers was officially completed as of May 2023. The participation rate for SDCP reflects full enrollment of current member agencies. We are reporting on the opt outs and eligible accounts associated with the phase based on those accounts that we have noticed for enrollment on a rolling basis as of the reporting month.

Staff are also presenting the state of SDCP Arrearages related to financial risk for FRMC consideration and for regular review. Additional metrics can be added by request. The below arrearage data includes SDCP's Receivables aged 120+ Days as of 1/3/2025.

Figure 3: State of SDCP Arrearages as of 1/07/2025

### Balances over 120 days

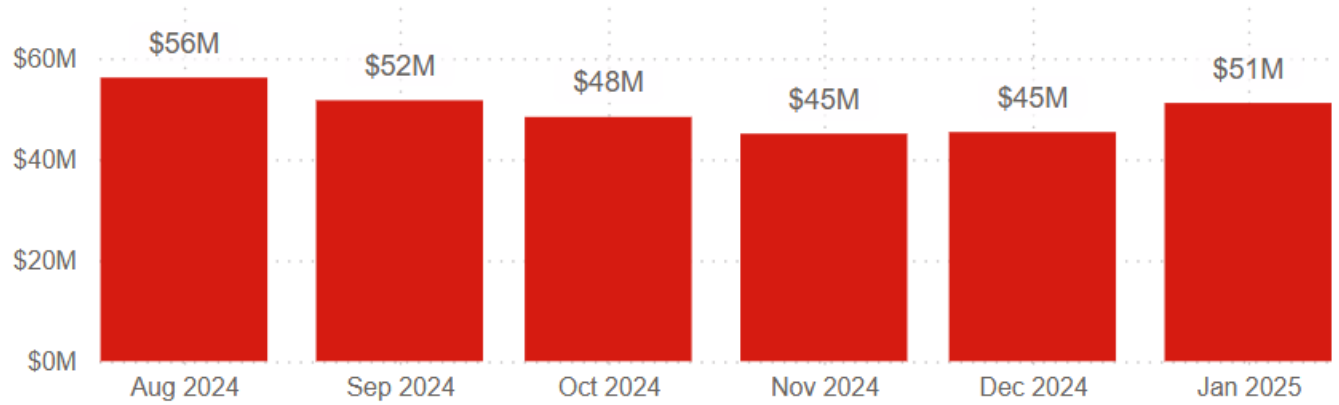
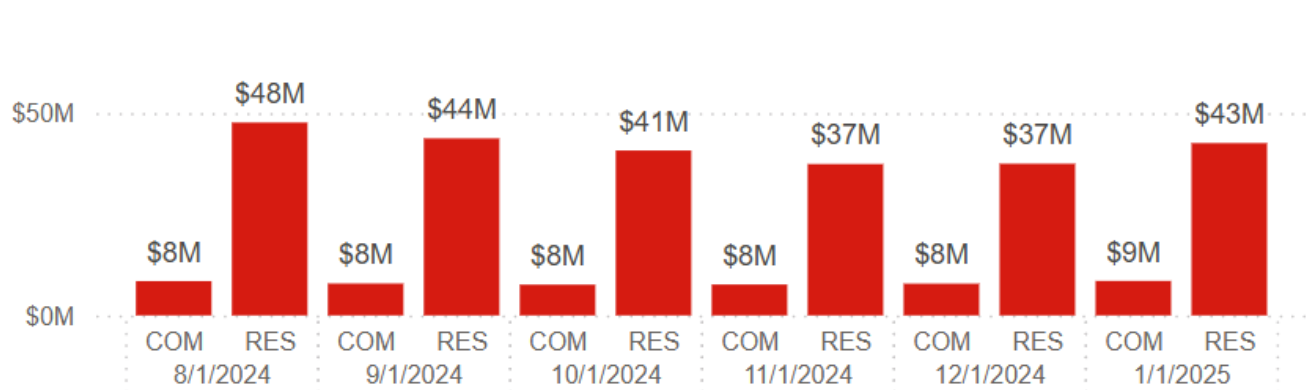


Figure 4: State of SDCP Arrearages Residential vs Commercial as of 1/07/2025

### Balances over 120 days - RES vs COM



### FISCAL IMPACT:

N/A

### COMMITTEE REVIEW:

N/A

### ATTACHMENTS:

Attachment A: 2024 Year-to-Date Period Ended 11/30/24 Financial Statements.

# ITEM 4

# ATTACHMENT A



## ACCOUNTANTS' COMPILATION REPORT

Management  
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of November 30, 2024, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the five months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. San Diego Community Power's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

*Maher Accountancy*

San Rafael, CA  
January 2, 2025



**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF NET POSITION**  
**As of November 30, 2024**

**ASSETS**

|  |                           |
|--|---------------------------|
| Current assets                                       |                           |
| Cash and cash equivalents - unrestricted             | \$ 417,172,255            |
| Cash and cash equivalents - restricted               | 500,000                   |
| Accounts receivable, net of allowance                | 124,681,246               |
| Accrued revenue                                      | 47,642,265                |
| Prepaid expenses                                     | 3,402,107                 |
| Other receivables                                    | 5,028,804                 |
| Deposits   | 13,898,240                |
| Investments  | 1,434,961                 |
| Total current assets                                 | <u>613,759,878</u>        |
| Noncurrent assets                                    |                           |
| Cash and cash equivalents - restricted               | 1,147,000                 |
| Investments  | 32,962,804                |
| Capital assets, net of depreciation and amortization | 546,361                   |
| Total noncurrent assets                              | <u>34,656,165</u>         |
| Total assets   | <u><u>648,416,043</u></u> |

**LIABILITIES**

|                              |                           |
|------------------------------|---------------------------|
| Current liabilities          |                           |
| Accrued cost of electricity  | 141,940,878               |
| Accounts payable             | 1,232,368                 |
| Other accrued liabilities    | 2,160,740                 |
| State surcharges payable     | 394,947                   |
| Deposits - energy suppliers  | 3,623,000                 |
| Bank note payable            | 47,000,000                |
| Lease liability              | 531,899                   |
| Total current liabilities    | <u>196,883,832</u>        |
| Noncurrent liabilities       |                           |
| Deposits - energy suppliers  | 4,374,000                 |
| Total noncurrent liabilities | <u>4,374,000</u>          |
| Total liabilities            | <u><u>201,257,832</u></u> |

**NET POSITION**

|                                    |                              |
|------------------------------------|------------------------------|
| Restricted for security collateral | 1,647,000                    |
| Unrestricted                       | 445,511,211                  |
| Total net position                 | <u><u>\$ 447,158,211</u></u> |

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Five Months Ended November 30, 2024**

**OPERATING REVENUES**

|                          |                    |
|--------------------------|--------------------|
| Electricity sales, net   | \$ 695,672,816     |
| Grant revenue            | 352,500            |
| Other income             | 1,114,164          |
| Total operating revenues | <u>697,139,480</u> |

**OPERATING EXPENSES**

|                               |                    |
|-------------------------------|--------------------|
| Cost of electricity           | 611,223,708        |
| Contract services             | 8,404,539          |
| Staff compensation            | 6,205,974          |
| Other operating expenses      | 3,950,336          |
| Depreciation and amortization | 213,483            |
| Total operating expenses      | <u>629,998,040</u> |
| Operating income              | <u>67,141,440</u>  |

**NON-OPERATING REVENUES (EXPENSES)**

|                                       |                  |
|---------------------------------------|------------------|
| Investment income                     | 4,901,499        |
| Interest expense                      | (267,110)        |
| Nonoperating revenues (expenses), net | <u>4,634,389</u> |

**CHANGE IN NET POSITION**

|                                   |                              |
|-----------------------------------|------------------------------|
|                                   | 71,775,829                   |
| Net position at beginning of year | <u>375,382,382</u>           |
| Net position at end of year       | <u><u>\$ 447,158,211</u></u> |

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS**  
**Five Months Ended November 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                    |
|--|--------------------|
| Receipts from customers                      | \$ 704,825,926     |
| Receipts of supplier security deposits       | 3,750,000          |
| Other operating receipts                     | 1,444,470          |
| Payments to suppliers for electricity        | (585,356,486)      |
| Payments for goods and services              | (15,989,665)       |
| Payments for staff compensation and benefits | (5,958,243)        |
| Payments for deposits and collateral         | (1,083,550)        |
| Payments of state surcharges                 | (1,235,027)        |
| Net cash provided by operating activities    | <u>100,397,425</u> |

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

|   |                   |
|---|-------------------|
| Proceeds from bank note                                     | 55,500,000        |
| Principal payments - bank note                              | (8,500,000)       |
| Interest payments   | (149,739)         |
| Net cash provided (used) by noncapital financing activities | <u>46,850,261</u> |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|                             |           |
|-----------------------------|-----------|
| Payments of lease liability | (256,950) |
|-----------------------------|-----------|

**CASH FLOWS FROM INVESTING ACTIVITIES**

|  |                     |
|--|---------------------|
| Investment income received                       | 4,456,210           |
| Purchase of investments                          | (34,069,801)        |
| Net cash provided (used) by investing activities | <u>(29,613,591)</u> |

|  |                              |
|--|------------------------------|
| Net change in cash and cash equivalents        | 117,377,145                  |
| Cash and cash equivalents at beginning of year | 301,442,110                  |
| Cash and cash equivalents at end of year       | <u><u>\$ 418,819,255</u></u> |

**Reconciliation to the Statement of Net Position**

|  |                              |
|--|------------------------------|
| Cash and cash equivalents (unrestricted) | \$ 417,172,255               |
| Restricted cash - current                | 500,000                      |
| Restricted cash - noncurrent             | 1,147,000                    |
| Cash and cash equivalents                | <u><u>\$ 418,819,255</u></u> |

**NONCASH INVESTING ACTIVITIES**

|   |            |
|---|------------|
| Unrealized appreciation and timing differences in investment income | \$ 445,289 |
|---|------------|

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS (continued)**  
**Five Months Ended November 30, 2024**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

|   |                              |
|---|------------------------------|
| Operating income  | \$ 67,141,440                |
| Adjustments to reconcile operating income to net<br>cash provided by operating activities |                              |
| Depreciation and amortization expense   | 213,483                      |
| (Increase) decrease in:   |                              |
| Accounts receivable, net  | (21,169,081)                 |
| Accrued revenue   | 29,221,158                   |
| Prepaid expenses  | 31,616,293                   |
| Other receivables   | 977,379                      |
| Deposits  | (1,736,041)                  |
| Increase (decrease) in:   |                              |
| Accrued cost of electricity   | (6,175,438)                  |
| Accounts payable  | (3,775,509)                  |
| Other accrued liabilities   | 899,736                      |
| State surcharges payable  | (133,995)                    |
| Deposits - energy suppliers   | 3,318,000                    |
| Net cash provided by operating activities   | <u><u>\$ 100,397,425</u></u> |



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
San Diego Community Power

Management is responsible for the accompanying operating fund and capital investment program fund budgetary comparison schedules of San Diego Community Power (SDCP), a California Joint Powers Authority, for the five months ended November 30, 2024, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

These special purpose statements are prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SDCP.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. SDCP's annual audited financial statements will include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to SDCP because we performed certain accounting services that impaired our independence.

*Maher Accountancy*

San Rafael, CA  
January 2, 2025

**SAN DIEGO COMMUNITY POWER  
OPERATING FUND  
BUDGETARY COMPARISON SCHEDULE  
Five Months Ended November 30, 2024**

|  | Year-to-Date         |                      |                                    |                     | Annual               |                        |
|--|----------------------|----------------------|------------------------------------|---------------------|----------------------|------------------------|
|  | Budget               | Actual               | Budget<br>Variance<br>(Under) Over | Actual/<br>Budget % | Budget               | Budget<br>Remaining    |
| <b>REVENUES AND OTHER SOURCES</b>        |                      |                      |                                    |                     |                      |                        |
| Gross Ratepayer Revenues                 | 704,208,658          | \$ 708,063,935       | 3,855,277                          | 101%                | \$ 1,233,400,000     | \$ 525,336,065         |
| Less: Uncollectible Customer Accounts    | (31,689,390)         | (12,391,119)         | 19,298,271                         | 39%                 | (55,500,000)         | (43,108,881)           |
| Grant Revenue                            | -                    | 352,500              | 352,500                            | na                  | -                    | (352,500)              |
| Other Income                             | -                    | 23,489               | 23,489                             | na                  | -                    | (23,489)               |
| Total Revenues and Other Sources         | <u>672,519,268</u>   | <u>696,048,805</u>   | <u>23,529,537</u>                  |                     | <u>1,177,900,000</u> | <u>481,851,195</u>     |
| <b>OPERATING EXPENSES</b>                |                      |                      |                                    |                     |                      |                        |
| Cost of Energy                           | 555,242,158          | 610,133,033          | 54,890,875                         | 110%                | 1,073,700,000        | 463,566,967            |
| Professional Services and Consultants    | 10,320,513           | 7,810,350            | (2,510,163)                        | 76%                 | 24,800,000           | 16,989,650             |
| Personnel Costs                          | 7,736,487            | 6,205,974            | (1,530,513)                        | 80%                 | 18,600,000           | 12,394,026             |
| Marketing and Outreach                   | 1,262,131            | 940,655              | (321,476)                          | 75%                 | 3,000,000            | 2,059,345              |
| General and Administration               | 3,427,253            | 1,384,391            | (2,042,862)                        | 40%                 | 7,400,000            | 6,015,609              |
| Total Operating Expenses                 | <u>577,988,542</u>   | <u>626,474,403</u>   | <u>48,485,861</u>                  |                     | <u>1,127,500,000</u> | <u>501,025,597</u>     |
| Operating Income (Loss)                  | <u>94,530,726</u>    | <u>69,574,402</u>    | <u>(24,956,324)</u>                |                     | <u>50,400,000</u>    | <u>(19,174,402)</u>    |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |                      |                      |                                    |                     |                      |                        |
| Investment Income                        | -                    | 4,901,499            | 4,901,499                          | na                  | -                    | (4,901,499)            |
| Interest and Related Expenses            | (531,667)            | (703,736)            | (172,069)                          | 132%                | (1,300,000)          | (596,264)              |
| Transfer to Capital Investment Program   | <u>(15,200,000)</u>  | <u>(15,200,000)</u>  | <u>-</u>                           | 100%                | <u>(15,200,000)</u>  | <u>-</u>               |
| Total Non-Operating Revenues (Expenses)  | <u>(15,731,667)</u>  | <u>(11,002,237)</u>  | <u>4,729,430</u>                   |                     | <u>(16,500,000)</u>  | <u>(5,497,763)</u>     |
| <b>NET CHANGE</b>                        | <u>\$ 78,799,059</u> | <u>\$ 58,572,165</u> | <u>\$ (20,226,894)</u>             |                     | <u>\$ 33,900,000</u> | <u>\$ (24,672,165)</u> |

**SAN DIEGO COMMUNITY POWER  
CAPITAL INVESTMENT PROGRAM FUND  
BUDGETARY COMPARISON SCHEDULE  
Five Months Ended November 30, 2024**

|   | <u>Annual<br/>Budget</u>     | <u>YTD Actual</u>           | <u>Budget<br/>Remaining</u> |
|---|------------------------------|-----------------------------|-----------------------------|
| <b>REVENUES AND OTHER SOURCES</b>       |                              |                             |                             |
| Transfer in from Operating Fund         | <u>\$ 15,200,000</u>         | <u>\$ 15,200,000</u>        | <u>\$ -</u>                 |
| <br><b>EXPENDITURES AND OTHER USES</b>  |                              |                             |                             |
| Program expenditures                    | <u>16,400,000</u>            | <u>2,034,829</u>            | <u>(14,365,171)</u>         |
| Net increase (decrease) in fund balance | <u><u>\$ (1,200,000)</u></u> | 13,165,171                  |                             |
| Fund balance at beginning of period     |                              | <u>3,492,291</u>            |                             |
| Fund balance at end of period           |                              | <u><u>\$ 16,657,462</u></u> |                             |



## **SAN DIEGO COMMUNITY POWER Staff Report – Item 5**

---

**TO:** Finance and Risk Management Committee

**FROM:** Lucas Utouh, Senior Director of Data Analytics and Customer Operations  
Aaron Lu, Rates and Strategy Manager

**VIA:** Karin Burns, Chief Executive Officer

**SUBJECT:** Update on 2025 Projected Rate Changes

**DATE:** January 16, 2025

---

### **RECOMMENDATION:**

Receive and file an update on San Diego Community Power's (Community Power) 2025 projected rate changes.

### **BACKGROUND:**

As Community Power prepares to develop and propose rates for 2025, it is critical to understand current San Diego Gas and Electric (SDG&E) generation and the Power Charge Indifference Adjustment (PCIA) rates – as both SDG&E bundled and PCIA rates play a role in Community Power's rate setting process, particularly as it relates to Community Power's competitiveness. Community Power's Board of Directors last adjusted Community Power commodity/generation rates on January 18, 2024, and those rates came into effect as of February 1, 2024. Community Power's Board of Directors also adopted Power100 Green-e Certified and PowerBase services, which came into effect as of July 1, 2024.

### **ANALYSIS AND DISCUSSION:**

#### *Rate Setting Process*

Community Power will establish rates sufficient to recover all costs related to the operations of our service and the Board of Directors has the ultimate responsibility for setting the electric generation rates for Community Power's customers. The Chief Executive Officer, in cooperation with staff and appropriate advisors, consultants, and committees of the Board, is responsible for developing proposed rates for the Board to consider before finalization. For Community Power to be fiscally sustainable, the final approved rates should, at a minimum, meet the annual revenue requirements developed by Community Power, including any reserves or coverage requirements set forth in policy



and/or loan covenants/debt service. The Board has the flexibility to consider rate adjustments, provided that the overall revenue requirement is achieved.

In alignment with the Rate Development Policy, adopted by the Board of Directors on November 17, 2022, Community Power considers the following objectives in its rate setting framework:

- Cost Recovery,
- Reserves,
- Rate Competitiveness and Customer Value,
- Rate Stability,
- Equity Among Customers,
- Rate Structure Simplicity and Comparability,
- Transparency,
- Avoidance of Cost Shifting, and
- Cost of Service.

Additionally, per previous Board direction, Community Power staff will, if possible, recommend rates that remain competitive with SDG&E service.

It is important to note rates consist of several components, only one of which Community Power has control over, i.e., Community Power's generation rate. The chart below is an example of a current rate tariff composition for a residential customer to illustrate the various components that affect rates and make up a total customer bill. Staff tracks the changes to the PCIA rate, as it is the above market cost of power associated with SDG&E's portfolio that both SDG&E's bundled customers and Community Power's customers, who have departed SDG&E commodity service, pay and can affect Community Power's overall headroom or competitiveness. Above market refers to expenditures for generation resources that cannot be fully recovered through sales of these resources at current market prices.

#### Time of Use – TOUDR-Residential

| Residential: TOUDR              | SDG&E<br>44.8% Renewable | SDCP PowerBase<br>45% Renewable | SDCP PowerOn<br>54.2% Renewable +<br>12.8% Carbon Free | SDCP Power100<br>100% Renewable |
|---------------------------------|--------------------------|---------------------------------|--|---------------------------------|
| Generation Rate (\$/kWh)        | \$0.13878                | \$0.12997                       | \$0.14690  | \$0.15690                       |
| SDG&E Delivery Rate (\$/kWh)    | \$0.25528                | \$0.25525                       | \$0.25525  | \$0.25525                       |
| SDG&E PCIA (\$/kWh)             | \$0.00207                | \$0.00727                       | \$0.00727  | \$0.00727                       |
| Franchise Fees (\$/%)           | \$0.00435                | \$0.00435                       | \$0.00435  | \$0.00435                       |
| Total Electricity Cost (\$/kWh) | \$0.40048                | \$0.39684                       | \$0.41377  | \$0.42377                       |
| Average Monthly Bill (\$)       | <b>\$150.98</b>          | <b>\$149.61</b>                 | <b>\$155.99</b>  | <b>\$159.76</b>                 |

Average Monthly Usage: 377kWh

### *2025 Rates Timeline*

Community Power, like most Community Choice Aggregators (CCAs), usually adjusts rates annually or in response to utility rate adjustments. There is a very narrow window of time between when SDG&E sets their 2025 rates and when Community Power needs updated rates available for 2025. The expected schedule for Community Power's rate setting is as follows:

- May 15, 2024: SDG&E filed its 2025 Energy Resource Recovery Account (ERRA) forecast application.
- May 30, 2024: Community Power's Board of Directors adopted Power100 Green-e Certified and PowerBase services, which came into effect as of July 1, 2024.
- October 21, 2024: SDG&E filed its Updated 2025 ERRA forecast application.
- November 15, 2024: SDG&E filed Advice Letter 4548-E: Annual Electric Regulatory Account Update and Preliminary January 1, 2025, Rates Outlook.
- December 5 and 12, 2024: Community Power staff briefed its Community Advisory Committee and Board of Directors of SDG&E's 2025 projected and PCIA rates changes.
- January 16 and 23, 2025: Community Power staff presents Community Power's 2025 projected rate changes to the Community Advisory and Finance Risk Management Committees and Board of Directors.
- January 31, 2025: SDG&E files its Consolidated Filing to Implement February 1, 2025, Electric Rates advice letter.
- February 1, 2025: SDG&E's expected effective date of implementation of its delivery and generation rates as well as the PCIA.
- February 7, 2025: Community Power Board adopts 2025 rates, to be retroactively effective on February 1, 2025.

### *2025 Bundled & PCIA Rates Projections*

Based on SDG&E's October 2025 Updated forecast application, their projected bundled system average generation rates were expected to increase by 0.07% as of January 1, 2025. On November 15, 2024, SDG&E filed a regulatory account update advice letter which adjusted their projected bundled system average generation rates to increase by 6.20%. SDG&E attributes bundled system average generation rates increase in 2025 primarily to actualization of balancing account projections and impacts from the General Rate Case.

Recent bundled generation rate changes and these projections are articulated in the table below.

| 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***   | 1/1/2023 - 1/1/2024                  | 1/1/2024 - 3/1/2024 | 3/1/2024 - 10/1/2024 | 10/1/2024 - 1/1/2025 |
| Residential         | 0.1967                             | 0.1514        | 0.1517        | 0.1517        | 0.1519        | 0.1622        | -23.03%                              | 0.19%               | 0.00%                | 6.96%                |
| Small Commercial    | 0.1742                             | 0.1283        | 0.1285        | 0.1285        | 0.1288        | 0.1385        | -26.34%                              | 0.19%               | 0.00%                | 7.78%                |
| M/L C&I             | 0.2039                             | 0.1578        | 0.1581        | 0.1581        | 0.1578        | 0.1660        | -22.61%                              | 0.18%               | 0.00%                | 5.04%                |
| Agricultural        | 0.1455                             | 0.1120        | 0.1122        | 0.1122        | 0.1116        | 0.1174        | -23.00%                              | 0.18%               | 0.00%                | 4.61%                |
| Lighting            | 0.1286                             | 0.0991        | 0.0993        | 0.0993        | 0.0995        | 0.1063        | -22.92%                              | 0.19%               | 0.00%                | 7.07%                |
| <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>-23.03%</b>                       | <b>0.19%</b>        | <b>0.00%</b>         | <b>6.20%</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 ERRRA Update, filed 10/21/2024.

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

Based on our high-level forecasts and the filings by SDG&E, Community Power is expecting in 2025 to see a decrease in PCIA rates for all vintages relevant to Community Power customers, including Vintage Year 2020 (Phase 1 & 2 customers), Vintage Year 2021 (Phase 3 customers), and Vintage Year 2022 (Phase 4 customers).

On December 9, 2024, SDG&E requested a one-month extension from the CPUC to implement its 2025 Consolidated Rate advice letter and to delay the rate adjustments reflected in that advice letter from being effective as of January 1, 2025 to February 1, 2025. The CPUC approved the request because the extension is necessary to avoid potential customer confusion due to fluctuating rates and provides the needed time to plan and implement the consolidated electric rate changes from the recent approved General Rate Case decision.

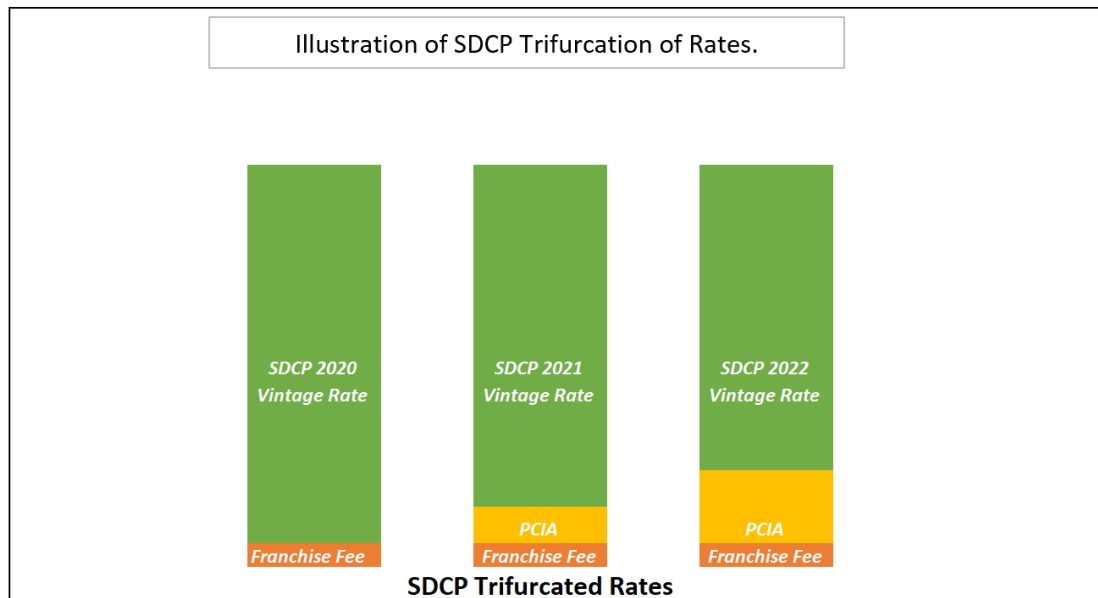
### *2025 Rate Setting Mechanics*

In accordance with SDG&E's definition of load transfer from bundled service to Community Power's service per Schedule CCA-CRS, our Phase 1 and 2 customers' Vintage Year is 2020, our Phase 3 customers' Vintage Year is 2021, and our Phase 4 customers' Vintage Year is 2022. Vintaging denotes the year during which SDG&E recognizes the transition of our customers from bundled service into our service and creates a mechanism for the assessment of PCIA rate.

### *Next Steps*

Staff will continue to monitor all updates from SDG&E/CPUC to be able to better analyze and recommend rate changes that are reflective of all the inputs articulated in CPUC's decision(s). Staff expects to present rates to the Community Power Board for adoption on February 7, 2025, that both meet the revenue and prudent reserve needs of Community Power as well as maintain value for our customers.

As a result of the substantial deltas expected between PCIA rates for Vintage Years 2020, 2021, and 2022, staff will also recommend to the Board to continue to trifurcate three sets of rates for 2025. This trifurcation will maintain a fair, equitable, and balanced rate structure that does not create winners and losers across our customers with differing vintage years as illustrated below.



**FISCAL IMPACT:**

N/A

**COMMITTEE REVIEW:**

N/A

**ATTACHMENTS:**

N/A