



Regular Board Meeting

June 30, 2022

Item 6: Consider Approval of Agreement with Burke, Williams, Sorensen, LLP for General Counsel Services

Item 6: General Counsel Agreement

- Recommendation:
 - Approve agreement with Burke, Williams & Sorensen, LLP to provide General Counsel for an annual not to exceed \$120,000, beginning July 1, 2022 and authorize the Chief Executive Officer to execute all documents subject to General Counsel approval.

Item 6: General Counsel Agreement

- Recommendation:
 - Approve agreement with Burke, Williams & Sorensen, LLP to provide General Counsel for an annual not to exceed \$120,000, beginning July 1, 2022 and authorize the Chief Executive Officer to execute all documents subject to General Counsel approval.

Item 6: General Counsel Agreement

- Background:
 - March 31, 2022 – CEA Board Directed RFQ for General Counsel Services
 - April 18, 2022 – RFQ issued
 - Posted to CEA Website
 - Sent directly to nine firms
 - April 21, 2022 – Ad Hoc Subcommittee Appointed
 - Vice Chair Druker
 - Board Member Acosta
 - May 16, 2022 – Responses Due
 - 4 Responses Received

Item 6: General Counsel Agreement

- Responses:
 - Burke, Williams & Sorensen, LLP
 - Duncan, Weinberg, Genzer & Pembroke
 - Procopio
 - Richards, Watson, Gershon
- Subcommittee reviewed responses, selected Burke, Williams & Sorensen, Procopio & Richards, Watson, Gershon to interview
- Subcommittee selected Burke, Williams & Sorensen to meet with full Board – June 23, 2022 Closed Session

Item 6: General Counsel Agreement

- Burke, Williams & Sorensen, LLP
 - Founded 1927
 - Over 130 Attorneys on staff
 - Specialties
 - Public entity administration and municipal law
 - land use environment law
 - Public sector labor and Employment law
 - Office in San Diego to support CEA
 - Johanna Canlas, Lead Attorney
 - Elizabeth Mitchell, Assistant Lead Attorney
 - Gena Burns, Public Sector Labor and Employment Attorney

Questions/Discussion

Item 7: CEO & Regulatory Report

Item 7: CEO Report

- CEA Expansion
 - Escondido & San Marcos – April 2023 Launch
 - Timeline:
 - Implementation Plan Amendment Certified by CPUC – RECEIVED!
 - April 2022 – Include energy usage in CEA Year Ahead Resource Adequacy(RA) Filing with CPUC – First Procurement Related Action - FILED
 - May 2022 – Energy Hedge Procurement Begins
 - July 2022 – RA requirements received from CPUC – Procurement Obligations
 - August 2022 – CAC Input into marketing and outreach strategy
 - October 2022 – Contracts for RA finalized; submittal to CPUC
 - October 2022 – Marketing & Outreach Begins
 - February 2023 – Required Noticing begins
 - April 2023 – Service Enrollments

Item 8: CEO Report

- CEA Expansion
 - Oceanside, Vista, San Clemente – 2024 service
 - Timeline:
 - April 2022 – Results to cities
 - May 2022
 - May 3 - Vista Council Workshop
 - May 26 – CEA Board Update
 - June 2022 - Cities consider resolution to join CEA and Ordinance establishing CCA
 - June 8 & 22 – Oceanside City Council Approved Resolution to Join CEA and Ordinance
 - June 28 – Vista City Council
 - July 2022
 - July 12 – San Clemente Community workshop
 - July 19 – San Clemente City Council consider resolution to join CEA and Ordinance establishing CCA
 - July 28 - CEA approve cities joining; direct preparation of Implementation Plan Amendment
 - August 2022 – New Board Members Oath of Office
 - October 2022 – Draft Implementation Plan Amendment to CEA Board for approval
 - December 2022 – File Implementation Plan Amendment with CPUC

Questions/Discussion

Item 8: Consider Resolution 2022-003 Approving FY 2022/23 Budget

Item 8: Proposed FY 2022/23 Budget

- Recommendation:
 - Adopt Resolution 202—003 approving FY 2022/23 Budget.

Item 8: Proposed FY 2022/23 Budget

- FY 22/23 Proposed Budget Assumptions
 - Revenues based on current adopted rates
 - Power supply costs based on actual executed contracts and May forward price curve
 - Consulting Services based on approved contracts
- Priorities & Goals
 - Financial Stability
 - Regulatory Compliance
 - Successful Expansion in Escondido and San Marcos

Item 8: Proposed FY 2022/23 Budget

- May 26, 2022
 - Board reviewed Proposed FY 2022/23 & provided direction
- Staff revised Proposed Budget based on Board direction

	Initial Proposed FY 22/23 Budget	Updated Proposed FY 22/23 Budget	Variance
Projected Revenue	\$80,791,405	\$80,791,405	\$0
Projected Expenditures	\$78,383,015	\$76,745,240	(\$1,637,775)
Net Results	\$2,408,390	\$4,046,165	\$1,637,775

Item 8: Proposed FY 2022/23 Budget

	Initial Proposed FY 22/23 Budget	Updated Proposed FY 22/23 Budget	Notes
Power Supply	\$74,134,855	\$73,000,000	Reduction based on FY 21/22 actuals compared to forward price curves
Staffing/Consultants	\$985,280	\$529,360	Reduction based on maintaining Interim CFO and Interim Secretary and partial year funding of remaining new positions
Legal Services	\$390,000	\$335,000	Reduction based on year-to-date FY 21/22 Actuals
Professional Services	\$963,600	\$981,600	Increase for funding of contract Interim CFO
Audit Services	\$15,000	\$10,000	Reduction based on year-to-date FY 21/22 Actuals
Insurance	\$35,000	\$30,000	Reduction based on year-to-date FY 21/22 Actuals

Item 8: Proposed FY 2022/23 Budget

- Proposed New Positions
 - Accounts Services/Program Manager
 - Procurement Manager
 - Regulatory Analyst

Item 8: Proposed FY 2022/23 Budget

FY 22/23 Proposed Budget - Summary

REVENUE

Energy Sales Revenue	\$ 80,786,405
Interest Income	\$ 5,000
Funds provided by Financing	
TOTAL REVENUE	\$ 80,791,405

EXPENDITURES

Power Supply	\$ 73,000,000
Data Management/Call Center	\$ 1,151,180
Staffing/Consultants	\$ 529,360
Legal Services	\$ 335,000
Professional Services	\$ 981,600
Audit Services	\$ 10,000
Software & Licenses	\$ 15,100
Memberships & Dues	\$ 121,000
Printing	\$ 55,000
Postage	\$ 50,000
Advertising	\$ 15,000
Insurance	\$ 30,000
Bank Fees	\$ 2,000
Debt Service	\$ 450,000
TOTAL PROJECTED BUDGET	\$ 76,745,240

Net Results of Operations	\$ 4,046,165
Beginning Fund Balance	3,210,940
Ending Fund Balance	<u>\$ 7,257,105</u>

- Balance Budget
- Proposed Budget results in 5% Reserve Contribution
- Meets Reserve Policy

Questions/Discussion

Item 9: Consider Authorization of Execution of Agreement with Resi Station, LLC for Resource Adequacy

Item 9: Agreement with Resi Station, LLC for Resource Adequacy

- Recommendation:
 - Authorize Board Chair and Chief Executive Officer to Execute Agreement with Resi Station, LLC for Resource Adequacy for a Ten-Year period with deliveries beginning January 2023, for an amount not to exceed \$2.0MM, in compliance with California Public Utilities Commission Mid-Term Reliability Procurement Mandate.

Item 9: Agreement with Resi Station, LLC for Resource Adequacy

- Background:
 - CPUC Decision 21-06-035
 - Procurement of additional resources for replacement of Diablo Canyon and other requirements
 - Project online by 8/1/2023, 6/1/2024 or 6/1/2025 with a preference for earlier date
 - Available for minimum 10 years
 - Non-fossil fueled

Item 9: Agreement with Resi Station, LLC for Resource Adequacy

- December 2021 Solicitation
 - Joint with Desert Community Energy and California Choice Energy Authority
 - Responses representing 80 projects
 - Short-list based on price, location, and CPUC compliance
- Resi Station meets procurement requirements established by CPUC

Questions/Discussion

Item 10: Consider Authorization of Execution of Agreement with San Diego Gas & Electric for Renewable Energy through Voluntary Allocation Process

Item 10: Agreement with SDG&E for Renewable Energy

- Recommendation:
 - Authorize Board Chair and Chief Executive Officer to Execute Agreement with SDG&E for Renewable Energy through Voluntary Allocation Process and return to Board for Ratification of Agreement.

Item 10: Agreement with SDG&E for Renewable Energy

- Background:
 - CPUC Decision 21-05-030
 - Requires SDG&E to offer voluntary allocations of its renewable energy portfolio to CCAs
 - Renewable deliveries to begin January 1, 2023
 - Benefits to CEA
 - SDG&E allocations are for projects currently online and generating power
 - Assist CEA to meet Renewable Energy requirements
 - Allocations from resources included in Power Charge Indifference Adjustment portfolio – reduce contracts that contribute to PCIA Charge to customers

Item 10: Agreement with SDG&E for Renewable Energy

Timeline pursuant to CPUC decision

VOLUNTARY ALLOCATION ACTIVITIES	DUE DATES
Meet and Confer(s)	Ongoing as needed
LSE notifies SDG&E of its intent to take a Voluntary Allocation	No later than July 1, 2022
Contracting for Voluntary Allocation commences	July 1, 2022
LSE's notify SDG&E of Voluntary Allocation Election percentage	July 15 – 22, 2022
Deadline for LSE's to execute and return Voluntary Allocation Agreement	July 29, 2022

Questions/Discussion