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

<table>
<thead>
<tr>
<th></th>
<th>Initial Proposed FY 22/23 Budget</th>
<th>Updated Proposed FY 22/23 Budget</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Projected Revenue</td>
<td>$80,791,405</td>
<td>$80,791,405</td>
<td>$0</td>
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<tr>
<td>Projected Expenditures</td>
<td>$78,383,015</td>
<td>$76,745,240</td>
<td>($1,637,775)</td>
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<td>Net Results</td>
<td>$2,408,390</td>
<td>$4,046,165</td>
<td>$1,637,775</td>
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## Item 8: Proposed FY 2022/23 Budget

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount</th>
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<tr>
<td><strong>REVENUE</strong></td>
<td>Energy Sales Revenue</td>
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<td>Interest Income</td>
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<td>Funds provided by Financing</td>
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<td><strong>TOTAL REVENUE</strong></td>
<td>$80,791,405</td>
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<tr>
<td><strong>EXPENDITURES</strong></td>
<td>Power Supply</td>
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<td>Data Management/Call Center</td>
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<td>Staffing/Consultants</td>
<td>$529,360</td>
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<tr>
<td></td>
<td>Legal Services</td>
<td>$335,000</td>
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<tr>
<td></td>
<td>Professional Services</td>
<td>$981,600</td>
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<td></td>
<td>Audit Services</td>
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<tr>
<td></td>
<td>Software &amp; Licenses</td>
<td>$15,100</td>
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<td>Memberships &amp; Dues</td>
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<td>Advertising</td>
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<td></td>
<td>Insurance</td>
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<td>Bank Fees</td>
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<td>Debt Service</td>
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<td><strong>TOTAL PROJECTED BUDGET</strong></td>
<td>$76,745,240</td>
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<tr>
<td>Net Results of Operations</td>
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<td>Beginning Fund Balance</td>
<td>$3,210,940</td>
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<tr>
<td>Ending Fund Balance</td>
<td>$7,257,105</td>
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- 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

<table>
<thead>
<tr>
<th>VOLUNTARY ALLOCATION ACTIVITIES</th>
<th>DUE DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meet and Confer(s)</td>
<td>Ongoing as needed</td>
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<tr>
<td>LSE notifies SDG&amp;E of its intent to take a Voluntary Allocation</td>
<td>No later than July 1, 2022</td>
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<tr>
<td>Contracting for Voluntary Allocation commences</td>
<td>July 1, 2022</td>
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<tr>
<td>LSE’s notify SDG&amp;E of Voluntary Allocation Election percentage</td>
<td>July 15 – 22, 2022</td>
</tr>
<tr>
<td>Deadline for LSE’s to execute and return Voluntary Allocation Agreement</td>
<td>July 29, 2022</td>
</tr>
</tbody>
</table>
Questions/Discussion