

ALTERNATIVE GOVERNANCE AND ELECTRICITY SERVICE STUDY – IMPERIAL IRRIGATION DISTRICT

DRAFT STUDY REPORT – MARCH 2023

Prepared For:
Riverside and Imperial County
Local Agency Formation Commissions



AGENDA

01.
Overview of the Draft Study Report

02.
Summary of Findings

03.
Suggested Actions

04.
Recap and Next Steps



STUDY OBJECTIVES RECAP

Evaluate potential alternative electrical service governance structures for IID and its extended service territory in the Coachella Valley.

Task 1

Options for providing continued publicly and/or independent system operator owned and managed electrical service to IID service area customers.

Task 2

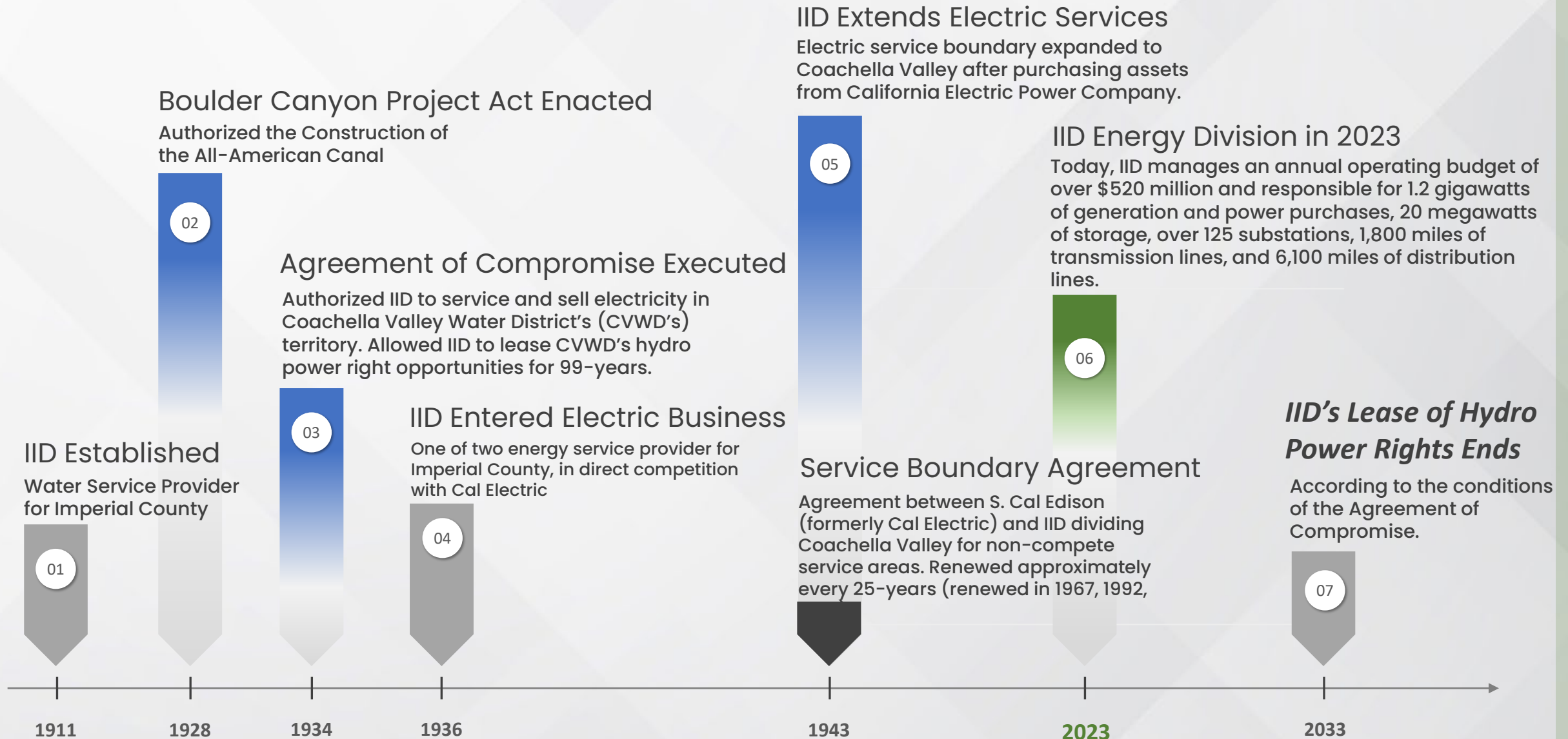
Options for alternative governance structures that would extend voting rights to registered voters who reside within the IID electrical service area, allowing for proportional representation on a governing board that has primary jurisdiction on all electrical service matters.

REPORT ORGANIZATION

Results were summarized into the following main sections to facilitate ease of use and assist with ongoing discussions.

- Executive Summary
- Electrical Service Overview for the Coachella Valley
- Energy Service Stakeholders
- Utility Ownership Models
- Study Approach and Analysis
- Alternative Electrical Service Options
- Findings and Suggested Actions

ELECTRIC SERVICE OVERVIEW



STUDY APPROACH AND ANALYSIS

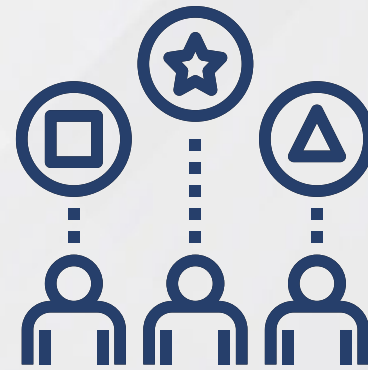
Development of Alternative Governance Structures consisted of the following actions:



Conduct
extensive
outreach



Develop stakeholder-driven evaluation criteria.



**Present
foundational
differences
between
models.**



Identify practical alternatives.

ENERGY SERVICES STAKEHOLDER FEEDBACK

Local Representation and Local Control

- Top priority regardless of option.
- Publicly owned and governed with flexible structure.

System Reliability

- East Coachella Valley experiences frequent/prolonged outages.
- Aging facilities and capacity limitations system wide.

Economic Development

- Unable to accommodate growth and new development.
- Unclear how overdue capital improvements will be funded.
- Improvements with planning and implementation process needed.

Industry Trends

- Concerns with electrification and achieving renewable goals.
- Limited local power program offerings, i.e. rooftop solar, etc.

Affordability

- Uncertain how existing customer rates will be impacted.
- Cost to form new entity and/or energy utility.



STAKEHOLDER-DRIVEN FOUNDATION OBJECTIVES

The following objectives were established to aid in the review and assessment of each Alternative Option.

- 
- Public and Local Governed Entity
 - Provides Representation
 - Maintain Advisory Role
 - Flexible Financing Opportunities
 - Ability to Own Assets
 - Financial Policy Oversight
 - Capital Planning Oversight
 - Structure Easy to Implement
 - Expands Public Benefits
 - Achieve Industry Standards
 - Use of Efficient Public Resources
 - Promotes Local Energy Programs
 - Achieve Vertically Integrated Status
 - Ability to Adapt
 - Minimizes Financial Risk
 - Local Control of Distribution Assets
 - Maximize Public Involvement

IID Continues to Provide Service



The following options are not exclusive and are intended to provide a general indication of the best-suited alternatives for consideration.

Option 1.A

(Note 1)

Maintain status quo.

Option 1.B

Annex Coachella Valley service territory into IID and adjust jurisdictional boundary.

Option 1.C

(Note 1)

Create IID sub-Board of Directors for Coachella Valley electrical service oversight.

Option 1.D

(Note 1)

Establish a Joint Powers Authority

Note (1) Option does not change IID's water service boundary, water services to remain under the sole responsibility of the current IID Board of Directors.

Alternative Option 2:

IID Terminates Electric Service



The following options are not exclusive and intended to provide a general indication of the best-suited alternatives for consideration.

Option 2.A

(Note 1)

**Dissolution and
Merger with
Investor-Owned
Utility.**

Option 2.B

(Note 1)

**Form a New Utility
District with
specific roles.**

Option 2.C

(Note 1)

**Form a New
Vertically
Integrated Utility
District**

Option 2.D

(Note 1)

**Form a
Community
Choice
Aggregation**

Note (1) Option does not change IID's water service boundary, water services to remain under the sole responsibility of the current IID Board of Directors.

SUMMARY OF FINDINGS

Several Alternative's support many stakeholder-driven Foundational Objectives, except for the following:

Structure
Easy to
Implement

Proposed structure should have limited legal, financial, and legislative complexity as compared to status quo.

Ability to
Achieve
Vertically
Integrated
Utility Status

A utility structure that could be expanded to provide the greatest regulatory control over all aspects of electricity service.

Ability to
Adapt to
Future
Changes

Structure that can be modified to align with future changes in members roles, utility responsibilities and/or governance.

SUGGESTED ACTIONS PRIOR TO EXPIRATION OF THE AGREEMENT OF COMPROMISE



The following can assist with establishing near-term priorities for alternatives under consideration:

- Acknowledge that CVEC has promoted collaboration and effective at advancing development on this issue.
- Establish roles, rights and responsibilities for electrical service in Coachella Valley.
- Develop policy principles to provide a consistent basis for evaluating issues, making decisions, and setting policy.
- Perform necessary technical feasibility and financial evaluations.

Meeting Recap and Next Steps

Closing Remarks and Observations

Aug 30, 2023

Public Review Period Closes
Submit written comments to LAFCO
by this Date

Nov 30, 2023

Final Study Report Due



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