

# CITY OF COACHELLA COMMENTS ON JOINT LAFCOS IID STUDY

## STATEMENT IN STUDY

## PAGE NUMBER/TABLE

## CITY COMMENT

"To facilitate the acquisition of CEPC facilities in Coachella Valley, CVWD agreed to deliver 80 percent of all electricity customers in Coachella Valley to IID."	Section 4.3, pg 9	It is not clear what the citation is to this statement and why the Study connects the 1934 Compromise Agreement to CEPC acquisition.
"Authorized IID to sell electricity in CVWD's territory."	Section 4.3.2, pg. 10	This conclusion is not supported by the agreement.
IID Budget Summary by Category	Table 4.3	<p>Table 4.3 is not helpful. If the Coachella Valley is 61% of IID electric service, more specific information re that service needs to be provided. Table 4.3 only shows IID's total ED budget, which includes CV and IC. Additional tables should be added showing the 2022 Project Actual, 2023 Budget, and 2024 Budget for the 61% of CV customers only. This is necessary so CV officials can see how much revenue and funding is coming from CV customers are compared with IC customers.</p> <p>Table should include Expenditures for CV customers, so public can determine what the projected revenue and expenditures would be for CV s that any decisions to form separate governance structures are based on sound financial inputs and business decision.</p> <p>Study should provide links to source documents so public can review verify the numbers.</p>
2018 IRP data	Section 4.4	The numbers from the IRP and a detailed list of infrastructure should be broken out. IID has provided rough numbers for what is needed for infrastructure and generating projects, but those numbers should be distilled down into specific MWs, projects and sub-regions within the valley.
Discussion re CVWD not providing electric service	Section 5.1 and 5.1.1	The discussion could clarify that CVWD is a county water district and does not have legal authority to provide electricity.
"No other entity can provide can provide electric distribution services in the IOU's service territory."	Section 7.1	This statement is incorrect. Cites have constitutional rights to provide electric service and can form within an IOU's territory. Municipal utilities throughout Riverside County have formed as spot utilities. In addition, franchises provided to IOUs are competitive franchises under the Public Utilities Code and can be competitively bid like was recently done by the City of San Diego.
"These entities tend to be large organizations that take advantage of economies of scale."	Section 7.1	The size of the three IOUs is unique to California. Also, reference to Arizona Public Service should be removed.
Discussion of municipal utilities and PUDs	Section 7.2	Discussion re municipal utilities and public utility districts should be broken out. The discussion conflates the three entities and their requirements
Definition of "public utility"	Section 7.3	The definition of "public utility" is incorrect. A public utility is an IOU and has a distinct legal definition. Study intends to mean "publicly owned utility" or "municipal utility."
Statutory authority of a PUD	Section 7.3.1	This section conflates water districts with special districts with PUDs, all of which depending on the type of district has different statutory authority.
Special taxes	Section 7.3.2	CFD is a Community "Facilities" District.

	Section 7.3.5	Discussion of PUDs should be accompanied by examples or a chart and discussing when formed and how it's comprised.
Electrical Cooperatives	Section 7.4.1	Electric cooperatives are private entities formed and operated by the customers of the service. We do not understand how this furthers the Study. If left in, Study should be clear that this isn't an option.
CCA	Section 7.5	CCAs are clearly defined as cities, counties or cities and counties that form a Joint Powers Authority, among others that have obtained special legislation.
"Specific geographical area"	Section 7.5	This statement is incorrect. While CCAs serve a particular area, their service is non-contiguous and is the territory of whatever member joins a CCA JPA, for instance.
Cities and counties served by a POU cannot be served by a CCA	Section 7.5	This is not necessarily a correct interpretation. IID provides service to the Coachella Valley outside its service territory. A CCA could likely form in this area. Also, special legislation could be obtained as has been done by other entities like water and conservation districts.
"Most municipal utilities and PUDs often partner together to form a JPA."	Section 7.5	The only two examples of this is SCPPA and NCPA.
"The agencies are legally distinct municipal corporations . . ."	Section 7.5	Joint powers authorities are not "municipal corporations."
JPA exercise of powers	Section 7.6.1	Paragraph should clarify that JPAs are formed to issue debt, reduce liability to the member agencies and general funds, and/or exercise a common power of the members to provide a regional service.
JPA	Section 7.6	There is no discussion about the legal requirement that JPAs can only be formed if they exercise a common power of the member. A JPA cannot in and of itself provide electric service, for instance. Also, a JPA must state the purposes for which it is forming and the powers it will exercise. All JPAs in that respect can be different, and since they are formed by contract, the governance and powers will depend on the contract the members agree to. It is not enough to simply analyze a JPA without discussing the type of JPA that is proposed to be formed. For instance, the IID-Indio JPA is purely a financing mechanism. The JPA agreement expressly states that it cannot be used to provide power. Therefore, it may or may not be an alternative governance option.
Coachella Valley Upgrade Costs	Section 9.1	Statement is that \$500M is need for infrastructure and \$300M is needed for generation. There is no citation for these figures and more of a breakdown is needed.
IID did not provide data	Section 9.1	Statement that limited data received from IID should be explained. What was requested specifically? What was denied and why?
Governance Option 1.A	Section 9.2.1	Sentence regarding CVEC should clarify in governance terms that it is an advisory body to the IID Board the same as any city committee. It has no other authority or weight in its decisions or recommendations.
Governance Option 1.B	Section 9.2.1	Clarification is needed why this option would result in the termination of the Compromise Agreement. Some history or background on the prior discussions on this option should also be provided so there is context provided.
Governance Option 1.C	Section 9.2.1	Some history or background on the prior discussions in the Coachella Valley should be provided. Statement that this option would reduce the legal complexity of the 1934 Compromise Agreement, but there is no analysis what this means

Governance Option 1.D (JPA)		<p>Statements that JPA has the most flexibility on governance. The study needs to explain that the JPA option is entirely dependent on what the JPA is set up for and what purposes and powers are given it by the members in the joint powers agreement.</p> <p>A JPA cannot in and of itself provide electricity unless it is exercising the common powers of its members and there is a legal basis to do so. For instance, the IID-Indio JPA is strictly a debt financing JPA. The JPA agreement states that the JPA itself cannot provide electricity. The JPA establishes the projects that will be financed within the City and is strictly a financing mechanism with no other governance over IID service to the Coachella Valley.</p> <p>The Study states that a JPA could enter into a power supply agreement with IID. This is not necessarily the case, the Indio-IID JPA expressly disallows the power to provided electricity, and therefore, power supply is not an option. We believe the Study is referring to model such as SCPPA or NCPA, which are JPA entities that finance projects and PPAs for member municipal utilities. Thus, any JPA allowing for power supply with IID presumes that the members or the JPA itself is providing electricity to the Coachella Valley.</p>
Governance Option 2.A (IID Sale of System)		<p>This option should be relabeled as it would not be a "dissolution" or "merger." It is a sale of the system to an IOU.</p> <p>This option is unrealistic. It involves a willing buyer and seller to negotiate a purchase of IID's system in the Coachella Valley and when 61% of the system serves the valley. The Study should elaborate that the CPUC would need to approve the sale.</p> <p>Also, potential benefits include stakeholder participation in general rate case and other proceedings and ability for ratepayers to directly petition the CPUC for grievances and disputes. Study should clarify what reorganization, proceedings or special elections that would be required. It is likely that the only approval needed would be a vote by the IID Board and CPUC approval of the IOU purchasing the system.</p>
Governance Option 2.B (PUD or Special District)		<p>This option should specifically state the type of district being established since they can be formed in different ways and a PUD is one type of district.</p> <p>This option should clarify that the district would have oversight over generation and distribution (and possibly transmission, if owned or built).</p> <p>Eminent domain of IID's system should be added as one consideration.</p> <p>While a PUD could execute a power supply agreement with IID, it can also procure generation through PPAs.</p> <p>Option states that start-up costs could require higher rates than IID, but there is no financial information in the Study or other data to support this conclusion.</p>
Governance Option 2.C (PUD or Special District Formed by a Stakeholder)		<p>Same comments as Option 2.B, plus the following:</p> <p>Formation of a PUD would not necessarily modify IID's service territory. First, a spot utility could be formed. Second, IID does not have an established service territory in the Coachella Valley.</p> <p>It is unclear under this option why parties would need to secure hydroelectric rights from CVWD</p>

<p>Governance Option 2.D (Community Choice Aggregator)</p>		<p>A CCA may be able to form where IID serves.  There is no Declaration to Pursue. A CCA files an Implementation Plan and Statement of Intent that is then certified by the CPUC.  The CCA is allowed by law to provide the retail generation service while the incumbent utility continues to provide distribution and transmission services.  The CCA has considerable control over programs and other funding.  Financing is not limited and many banks have loaned considerable start-up funds in this space.  There is not a "limited" amount of control.  There are numerous statements on start-up costs and financing but there is no financial information in the Study to support these conclusions.</p>
	<p>Section 9.4</p>	<p>Study presents a lot of nationwide data but does not provide specific examples of or data from California. For instance, the vast majority of public agencies providing electric service is through a municipal utility. Also, the data in Table 9.2 would not be relevant for the JPA discussion.</p>