

August 3rd, 2023

LAFCO

**Re: Public Comment on Draft Study Report dated March 2023 entitled “Alternative Governance and Electricity Service Study – Imperial Irrigation District**

Dear Gentilepersons:

The Electric Ratepayers Alliance (ERA) is a non-profit organization formed in 2016 as a California Mutual Benefit Corporation. ERA’s mission is to promote verifiably clean, local energy sources and programs that save consumers money, while building a resilient community grid to replace aging grid systems. ERA continues to advocate for all electric ratepayers across California, to achieve the ultimate goal of fueling our world with clean, dependable, localized energy. ERA members include, among others, leaders in the renewable energy industry, as well as non-profit entities with expertise in the renewable energy sector and consumer advocacy. The members of ERA seek to ensure that all ratepayers enjoy barrier-free access to affordable, sustainable, localized power, while promoting the common business interests of renewable power entities and affiliated industries.

ERA has reviewed the Draft Study Report dated March 2023, which is titled “Alternative Governance and Electricity Service Study – Imperial Irrigation District” (referred to herein as the “Draft Study Report” or simply as the “Report.”) That Report discusses various options for potential alternative electrical service governance structures for the IID’s extended service territory in the Coachella Valley. One of those options, which is described in the Report as Option 2.B, is to “form a new utility district with specific roles.” For the reasons discussed below, ERA believes Option 2.B is the best path forward both to accomplish the objectives described in the Report, and to further the best interests of the ratepayers in the Coachella Valley.

**1. Governance and Representation:** Option 2.B allows for the creation of a new, localized governance structure that allows for local representation and decision-making power. A newly created local district would provide a stronger voice for ratepayers and consist of responsive leadership as compared to the current representation by the existing utility model in Eastern Riverside County. It maximizes public involvement and local control of assets, which results in efficient use of public resources, more meaningful oversight, and makes the system more representative and adaptable to the fundamental energy needs of the local constituency.

A new utility district, focused solely on Eastern Riverside County, naturally provides for greater local representation and local control. This blueprint is preferable to a competing model that services a broader area and varying interests. The Draft Study Report specifically identifies this as a top priority, regardless of the structure chosen.

Seeking to ensure all ratepayers enjoy barrier-free access to affordable, sustainable, localized power, while promoting the common business interests of renewable power entities and affiliated industries.

**2. Elimination of Existing Issues/Mitigation of Future Issues:** Establishing a new utility district for Eastern Riverside County would allow local representatives to develop and implement energy policies that better align with the local ratepayers' values and needs. These values and objectives include, but are not limited to: system reliability (the avoidance of frequent/prolonged outages); affordable, reliable electricity (which means a durable, updated infrastructure); accommodation for growth (both commercial and residential development); meeting renewable energy goals set by the state and federal government for the future of the local residents and ratepayers; managing funding of capital improvements; supporting local power program offerings for alternative and independent sources of energy such as wind, water and solar; managing rates and maintaining affordability; and maintaining the efficient use of public resources.

Maintaining the status quo not only fails to achieve these stated goals, but also will lead to further degradation of infrastructure as well as increased rates for the local residents and the suppression of development and growth. The existing structure has not provided a clear path out of the bleak economic predicament that Eastern Riverside County faces, which has resulted from a decaying infrastructure and climbing electricity rates. Maintaining the status quo, through which these problems arose, is far more likely to worsen the issues than to resolve them.

**3. Advisory Role and Efficient Resource Allocation:** The formation of a new utility district allows for more focused energy resource allocation through customized planning and implementation processes driven by local needs and priorities. A separate, publicly owned district, governed by a flexible structure, can better manage, and allocate energy resources specific to its region, ensuring that the needs of local ratepayers are met more effectively, efficiently, and financially.

A locally operated utility prioritizes its constituent ratepayers' interests over third parties such as shareholders, special interests, and other unrelated entities. Minimizing conflicts among the needs of disparate groups with varying motivations and the appropriate allocation of limited assets and resources results in equity, efficiency, and economy.

**4. Financial Independence and Stabilization:** Creating a new utility district will provide financial advantages to the community such as targeted taxation and revenue generation mechanisms for long-term infrastructure investment. Ratepayers and their representatives can better manage their financial resources related to energy generation, delivery, and maintenance by forming a separate district tailored to their specific economic circumstances.

Any cost associated with forming a new entity or energy utility is far outweighed by the benefits. The deteriorating IID electrical infrastructure must be updated/improved subject to any one of the proposed alternatives/options. A local, centralized entity/utility will be able to focus its tax and revenue for planned infrastructure improvement and maintenance in a direction/manner approved by its constituents, rather than groups or individuals with diverging concerns. This minimizes financial risk and provides flexible funding and financing opportunities for the improvement and maintenance of infrastructure.

ERA requests that a financial impact analysis of each option under consideration be conducted to provide a more in-depth analysis regarding the costs and financial risks associated with each possible approach. Creation of a new utility district, under Option 2.B in the Draft Study Report, should be included in that financial impact analysis.

**5. Improvement of Services and Economic Prosperity:** A new local utility district has the ability and flexibility to tailor its services to the unique needs of its constituents. Such a utility would provide programs and initiatives specifically designed to address the challenges and opportunities in the community. This will lead to more efficient and effective service delivery and a reduction of outages and lost revenue. This, in turn, shall promote the overall growth of the community by promoting and supporting local commercial and residential development, which results in a better, more stable future for the local population.

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As the eight options discussed in the Draft Study Report are assessed, ERA concludes that Option 2.B will be the most favorable alternative to accomplish the objectives described in the Draft Study Report. Creation of a new utility district to serve the ratepayers in the IID not only promotes local interests and protects the area's ratepayers, but it also offers the advantages of financial stability and provides a more auspicious path for upgrading infrastructure in the manner that best serves affected stakeholders.

The members of the ERA thank you for your time and consideration.