

ALTERNATIVE GOVERNANCE AND ELECTRICITY SERVICE STUDY - IMPERIAL IRRIGATION DISTRICT

November 2023

Prepared For:
Riverside and Imperial County
Local Agency Formation Commissions



AGENDA

01.
Overview of the Governance Study

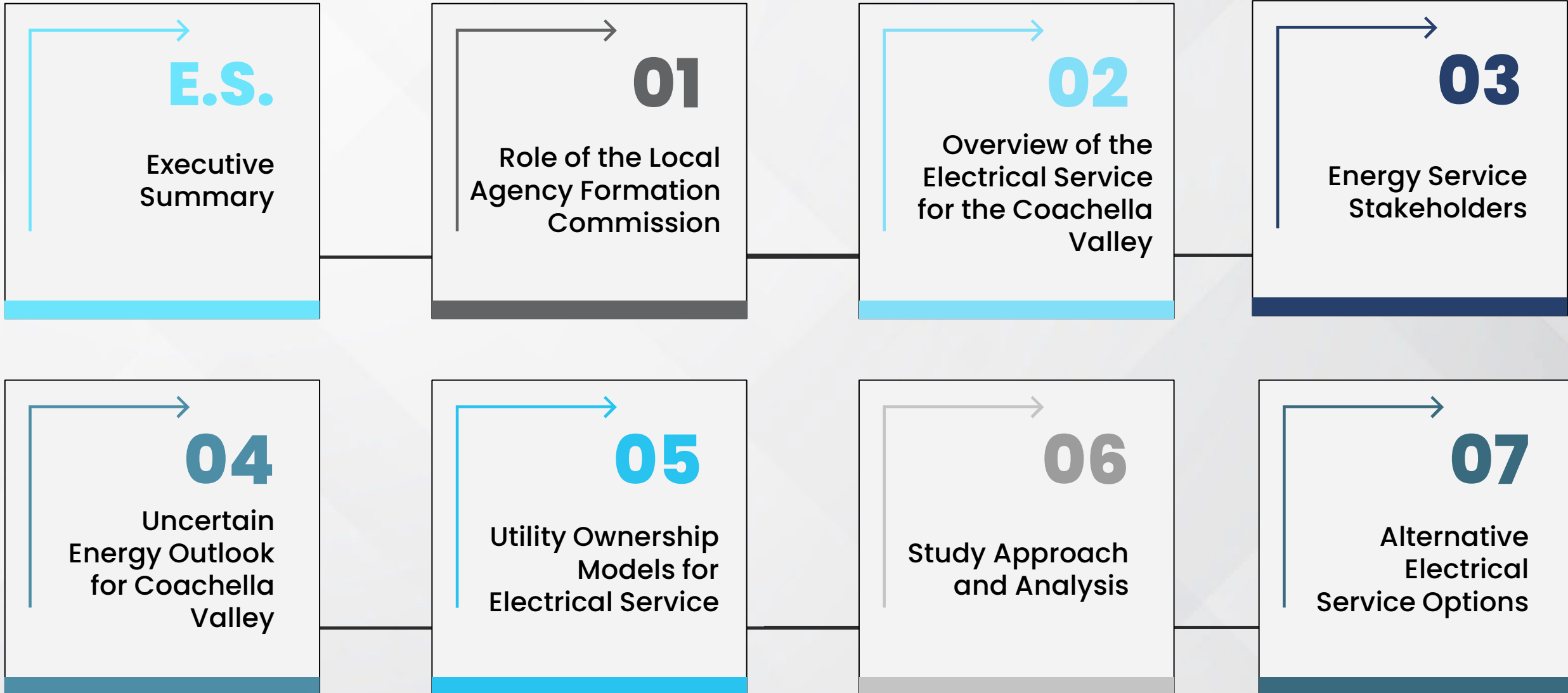
02.
Study Approach

03.
Options Evaluated

04.
Recommendations



STUDY OVERVIEW



STUDY APPROACH AND ANALYSIS

Evaluation of Alternative Governance Structures consisted of the following actions:



Conduct
extensive
outreach



Develop
stakeholder-driven
evaluation criteria



Identify
foundational
differences
between models



Rank alternatives
against evaluation
criteria

STAKEHOLDER OUTREACH

Stakeholder feedback was used to provide an independent assessment of alternative governance and service options. To allow for a successful stakeholder driven input process, outreach consisted of the following.

- Identified a comprehensive list of stakeholders that included approximately 50 different local and special interest groups.
- Developed an electrical service questionnaire to seek input on items of interest and opinions.
- Scheduled 12 individual stakeholder discussions to further obtain insight on matters related to existing and future electrical service provisions for the Coachella Valley.
- Provided extended public review and comment period (March 31, 2023 thru October 15, 2023). A total of 13 comment letters were received.



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 FOUNDATIONAL OBJECTIVES

The following objectives were derived from stakeholder feedback to aid in ranking and prioritizing 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 Uncomplicated to Implement
- Expands Public Benefits
- Achieve Industry Maintenance Standards
- Use of Efficient Public Resources
- Promote Local Renewable Energy Programs
- Achieve Vertically Integrated Status
- Ability to Adapt
- Minimizes Financial Risk to Rate Payers
- Local Control of Distribution Assets
- Maximize Public Involvement

UTILITY OWNERSHIP MODELS

Investor-Owned Utility (IOU)

State governed, for-profit private entity providing service in franchised areas. Regulated by California Public Utilities Commission (CPUC).



Electric Cooperative (Co-Op)

Locally governed, not-for-profit private entity formed for the sole purpose of transmitting or distributing electricity exclusively to its stockholders or members at-cost. Regulated by the CPUC.

Municipal Utility

Locally governed, non-profit organization created by voter approval. Regulated by City Council or elected commission.



Community Choice Aggregators (CCA)

Locally governed within IOU service area, not-for-profit private entity formed for the sole purpose of securing power exclusively to its stakeholders or members at-cost.

Public Utility District

Locally governed, non-profit organization created for specific public services. Operate under a principal act or a special act. Regulated by elected or appointed Board of Directors.



Joint Powers Authority/Agency (JPA)

Locally governed, non-profit organization created by two or more public agencies for a specific range of common public services within geographically defined area. Operate under a Joint Exercise of Powers Act. Regulated by either elected or appointed Board of Directors.

ALTERNATIVE OPTIONS MATRIX

	Alternative Option No. 1 - IID provides majority of electrical service provisions				Alternative Option No. 2 - IID provides a modified level of electrical service provisions			
	Option 1.A: Status Quo	Option 1.B: Annex Coachella Valley into IID	Option 1.C: Sub-Board of Directors for IID	Option 1.D: Joint Powers Authority	Option 2.A: Investor-Owned Utility	Option 2.B: Public Owned Utility with Specific Roles	Option 2.C: Vertically Integrated Public Owned Utility	Option 2.D: Form a Community Choice Aggregation
<p>● ADDRESSES OBJECTIVE</p> <p>◐ POTENTIAL TO ADDRESS OBJECTIVE DEPENDING ON THE PROPOSED UTILITY</p> <p>○ DOES NOT ADDRESS OBJECTIVE</p> <p>Foundational Objectives</p>								
Publicly and Locally Governed Entity	○	●	●	●	○	●	●	○
Provides Representation for Coachella Valley Customers	○	●	●	●	○	●	●	○
Maintain an Advisory Role for Non-Responsible Electrical Service Provisions	●	●	●	●	◐	●	●	◐
Provides Flexible Financing Opportunities	◐	●	●	●	○	●	●	○
Structure that Can Own Electrical Assets	○	●	●	●	○	●	●	○
Oversight of Financial Policies	○	●	●	●	○	●	●	○
Oversight of Capital Planning to Support Economic Development	○	●	●	●	○	●	●	○
Structure Uncomplicated to Implement	●	○	◐	●	○	◐	◐	○
Expand Public Benefits	○	●	●	●	○	●	●	○
Achieve Industry Maintenance Standards	○	●	●	●	○	●	●	○
Use of Efficient Public Resources	●	●	●	●	○	●	●	○
Promote Local Renewable Energy Programs and Collaboratives	○	●	●	●	○	●	●	●
Ability to Achieve Vertically Integrated Utility Status	○	●	◐	●	○	●	●	○
Ability to Adapt to Future Changes and Responsibilities	○	○	◐	●	○	◐	○	○
Minimizes Risk to Rate Payers	◐	●	●	◐	◐	◐	○	◐
Provides Local Control for Distribution Assets	○	●	●	●	○	●	●	○
Maximize Public Involvement	○	●	●	●	○	●	●	○

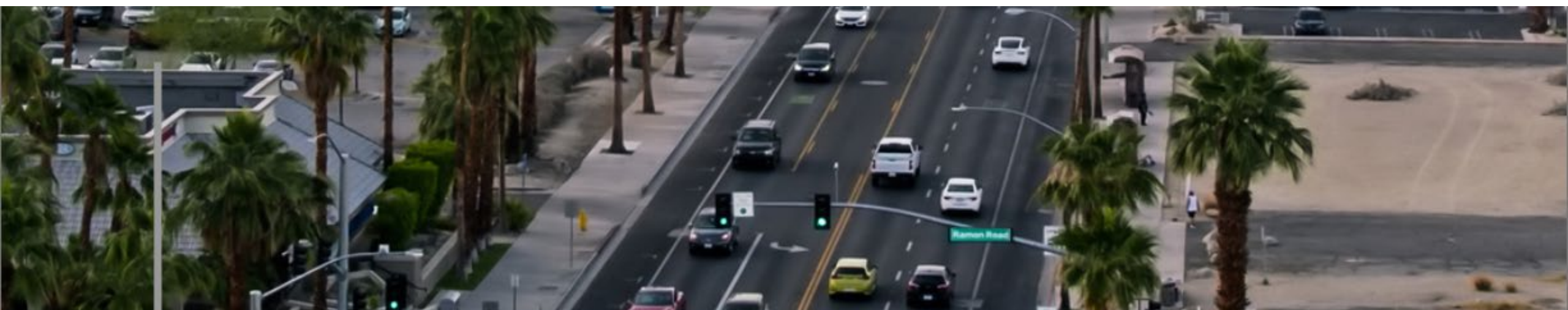
KEY DETERMINATIONS AND SUGGESTED ACTIONS

Top Ranked Alternative Options

The following items are fundamental for stakeholders to clearly weigh the associated benefits and risks of each alternative.

	Option 1.D: Joint Powers Authority	Option 2.B: Form Publicly Owned Util
Identify preferred governance alternative and IID services	Required	Required
Determine enabling legislation requirements	Required	Required
Establish service territory	Not Required	Required
Obtain asset information and inventory	Not Required	Required
Obtain legal opinion on Leased Power Rights, Investments, and ability to secure service rights	Required	Required
Perform asset valuation and conditional assessment	Not Required	Required
Determine acquisition, upgrade, and severance costs	Not Required	Required
Perform financial evaluation	Not Required ⁽¹⁾	Required
Determine financing options and bonding capacity	Not Required ⁽¹⁾	Required
Perform rate study	Not Required	Required
Establish community engagement program	Required	Required

Notes: (1) Potentially required if Public Financing Authority is pursued.



DOPUDJA & WELLS CONSULTING

6789 QUAIL HILL PARKWAY, IRVINE, CA 92603

WWW.DOPUDJAWELLS.COM

