



Staff Report

TO: Honorable Mayor and Members of the Town Council
FROM: Sean Rabé, Town Manager
DATE: November 19, 2020
RE: Amendment to Pioneer Energy JPA

Recommendation

Adopt the attached Resolution approving Amendment No. 1 to the Amended and Restated Joint Powers Agreement for Pioneer Community Energy expanding Pioneer Community Energy membership to include the County of El Dorado and the City of Placerville as Voting Members.

Issue Statement and Discussion

On October 13, 2020, the Town Council received a presentation from Pioneer Community Energy regarding El Dorado County and the City of Placerville's interest in becoming members of the Pioneer Community Energy Joint Powers Authority (Pioneer).

Current Pioneer JPA members in addition to Loomis include the cities of Auburn, Colfax, Lincoln, and Rocklin, and the unincorporated areas of Placer County. The ratepayers in these jurisdictions have received the benefit of savings on their electric generation costs of 6 to 11 percent since the start of Pioneer's Community Choice Aggregation (CCA) program in 2018.

Both El Dorado County and the City of Placerville have indicated they want ratepayers in their jurisdictions served by PG&E electric generation to enjoy the same choice in purchasing energy as well as local control over rates and energy incentives as Loomis rate payers enjoy. Both El Dorado County and the City of Placerville have taken requisite formal actions to approve resolutions and ordinances for joining the JPA and participating in Pioneer's Community Choice Aggregation Program.

At its November 6, 2020 meeting, the Pioneer Community Energy Board reviewed an impact assessment (see Attachment C for a Pioneer Staff presentation to the Pioneer Board on the assessment) analyzing the impact and feasibility of expanding to add both El Dorado County (unincorporated) and the City of Placerville. The results of that impact assessment determined the proposed expansion to be beneficial to both the ratepayers in the current Pioneer service area, as well as potential ratepayers in unincorporated El Dorado County and the City of Placerville. The benefits of expansion include:

- Financial Strength - Increased margins from the addition of more customers will result in strengthening Pioneer's balance sheet, achieve targeted levels of reserves, and help mitigate against rate increases.

- Power Supply Benefits - An increased electricity load to serve also leads to larger power procurement needs. The larger power procurement proposals will attract suppliers with better credit profiles and could lead to more favorable pricing and access to more diverse power supply sources.
- Legislative & Regulatory Influence - Through representation of a larger service territory, Pioneer would improve its status with state legislators and the CPUC in representing its customers' interests. It also increases access to a greater pool of elected officials for Pioneer to promote its legislative platform and for support in response to adverse regulation.
- Local Jobs and Power Supply Resources - One of Pioneer's goals is to invest in power supply projects that not only diversify the power supply portfolio but create jobs through locally sourced projects. The strengthening of Pioneer's financial provides opportunities to pursue this endeavor.

Upon approval and execution of Amendment No. 1 to the Amended and Restated Joint Powers Agreement by all member entities, both existing and proposed, and approval by the Pioneer Governing Board, Pioneer staff will file an implementation plan with the California Public Utilities Commission in December 2020. Filing of the implementation plan by December 31, 2020 is based on providing electricity to unincorporated El Dorado County and Placerville beginning in 2022.

CEQA Requirements

There are no CEQA implications associated with the recommended action.

Financial and/or Policy Implications

There are no financial implications to the Town of Loomis.

Attachments

- A. Resolution
- B. JPA Amendment
- C. Impact Assessment Presentation

TOWN OF LOOMIS

RESOLUTION NO. 20 - ___

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOOMIS
APPROVING AMENDMENT NO.1 TO THE AMENDED AND RESTATED JOINT EXERCISE OF
POWERS AGREEMENT FOR PIONEER COMMUNITY ENERGY EXPANDING PIONEER
COMMUNITY ENERGY JOINT POWERS AUTHORITY MEMBERSHIP**

WHEREAS, the Sierra Valley Energy Authority was established on September 9, 2015, between the County of Placer and the City of Colfax; and

WHEREAS, the Sierra Valley Energy Authority was originally created for the purpose of providing a financing conduit and program expansion platform for the mPOWER Program; and

WHEREAS, counties and cities have the power under California law to aggregate electric load, to purchase and supply electricity for themselves and customers within their jurisdictions, by providing a Community Choice Aggregation Program, pursuant to California Public Utilities Code Sections 331.1 and 366.2; and

WHEREAS, the Amended and Restated Joint Exercise of Power Agreement for the Sierra Valley Energy Authority (the "Amended and Restated JPA") became effective on February 22, 2017; and

WHEREAS, the Amended and Restated JPA allowed for the establishment of a Community Choice Aggregation Program (the "CCA") within the jurisdictions of the Voting Members and authorized the Cities of Auburn, Lincoln, Rocklin, and the Town of Loomis to become Voting Members; and

WHEREAS, on July 17, 2017 the Governing Board of the Sierra Valley Energy Authority took action to rename and brand Sierra Valley Energy Authority as Pioneer Community Energy ("Pioneer"); and

WHEREAS, both El Dorado County and the City of Placerville have expressed a desire to join Pioneer for the purpose of participating in Pioneer's Community Choice Aggregation Program ("CCA Program"); and

WHEREAS, an impact assessment was performed to analyze the feasibility of expanding Pioneer's CCA Program service territory into PG&E's service area in unincorporated El Dorado County and the City of Placerville, the results of which showed such an expansion to be beneficial to both existing Pioneer ratepayers, and potential ratepayers in El Dorado County and the City of Placerville; and

WHEREAS, to these ends, the Town Council desires to approve the execution of Amendment No. 1 to the Amended and Restated JPA to provide for El Dorado County and the City of Placerville to become Voting Members under the Amended and Restated JPA for Pioneer Community Energy.

BE IT HEREBY RESOLVED by the Town Council of the Town of Loomis declares, and resolves as follows:

1. The above recitals are true and correct.
2. This Amendment No. 1 to the Amended and Restated Joint Exercise of Powers Agreement for Pioneer Community Energy provides for admission of El Dorado County and the City of Placerville as Voting Members (Exhibit A).

3. The Town Council hereby approves Amendment No. 1 to the Amended and Restated Joint Powers Agreement for Pioneer Community Energy under the Joint Powers Law, in the form attached hereto as Exhibit A. The Mayor is hereby authorized and directed to execute Amendment No. 1 to the Amended and Restated Joint Powers Agreement for Pioneer Community Energy in the name and on behalf of the Town.
4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 19th day of November, 2020, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

Mayor

ATTEST:

Town Clerk

Exhibit A

**AMENDMENT NO. 1 TO THE AMENDED AND RESTATED JOINT EXERCISE
OF POWERS AGREEMENT FOR PIONEER COMMUNITY ENERGY
[FORMERLY SIERRA VALLEY ENERGY]**

THIS AMENDMENT (hereafter “Amendment”) amends the Amended and Restated Joint Exercise of Powers Agreement (hereafter “Amended and Restated JPA”) with the effective date of February 22, 2017 which was by and between the COUNTY OF PLACER, the CITY OF AUBURN, the CITY OF COLFAX, the CITY OF LINCOLN, the TOWN OF LOOMIS, and the CITY OF ROCKLIN, all public entities of the State of California. By this Amendment it becomes the Joint of Exercise of Powers Agreement by and between the COUNTY OF PLACER, the CITY OF AUBURN, the CITY OF COLFAX, the TOWN OF LOOMIS, the CITY OF LINCOLN, the CITY OF ROCKLIN, and the County of El Dorado and the City of Placerville who become signatories to this Amendment (the “New Voting Members”, and together with the COUNTY OF PLACER, the CITY OF AUBURN, the CITY OF COLFAX, the CITY OF LINCOLN, the TOWN OF LOOMIS, and the CITY OF ROCKLIN, the “Voting Members”), as well as those local agencies that become signatories to this Amendment as Associate Members, and related to the joint exercise of powers among all of the signatories hereto either as Voting Members or Associate Members (hereafter collectively referred to as the “Members”).

WHEREAS, on September 9, 2015 the COUNTY OF PLACER and the CITY OF COLFAX entered into a Joint Exercise of Powers Agreement (hereafter “Original JPA”) for the purpose of providing a financing conduit program expansion platform for the mPOWER Program; and

WHEREAS, the Amended and Restated JPA became effective on February 22, 2017 and authorized the Cities of Auburn, Lincoln, Rocklin, and the Town of Loomis to become Voting Members; and

WHEREAS, one of the primary purposes of the Amended and Restated JPA was to allow for the establishment of a Community Choice Aggregation Program within the jurisdictions of the Voting Members; and

WHEREAS, Resolution No. 2017-3 of the Sierra Valley Energy Authority approved a name change from Sierra Valley Energy Authority to Pioneer Community Energy, as it is known today; and

WHEREAS, the Voting Members wish to amend the Amended and Restated JPA a first time to add the County of El Dorado and the City of Placerville as Voting Members.

NOW, THEREFORE, IT IS MUTUALLY AGREED THAT THE FOLLOWING CHANGES AND ADDITIONS ARE HEREBY MADE IN THE AMENDED AND RESTATED JOINT POWERS AGREEMENT:

1. Section 5.A shall be replaced by the following:

Section 5. Governance and Internal Organization

- A. Governing Board. The governing body of the Authority shall consist of up to a nine (9) person Board, consisting of two (2) members of the Placer County Board of Supervisors, and one (1) member each appointed by the El Dorado County Board of Supervisors, the Cities of Auburn, Colfax, Rocklin, Lincoln, Placerville and the Town of Loomis that becomes a signatory to this Agreement (“Board Member”).

The Board of Supervisors from Placer County, the Board of Supervisors from El Dorado County, and the City/Town Councils set out above shall respectfully appoint such member(s) and not less than one alternate member. The term of office of each Board Member and respective alternate may be terminated at any time by the appointing Board of Supervisors or City/Town Council. The designated alternate shall have authority to attend, participate, and vote at any meeting of the Board or committee whenever the regular member, for whom they are designated to act as an alternate, is absent from the meeting.

2. Section 10.D shall be replaced by the following:

Section 10. Implementation Action and Authority Documents

- D. Implementation Plan and Statement of Intent. The Authority shall cause to be prepared an Implementation Plan and Statement of Intent meeting the requirements of California Public Utilities Code Section 366.2 and any applicable California Public Utilities Commission regulations. The Implementation Plan and Statement of Intent shall specify the service territory of the CCA to be within the boundaries of the Member jurisdictions that have taken the actions specified in A and B above. The Implementation Plan and Statement of Intent shall not be filed with the California Public Utilities Commission until it is approved by the Board in the manner provided in Section 5.

If a City or County adopts an ordinance and resolution pursuant to A and B above, expressing its desire to become a Member to this Agreement subsequent to the filing of the then most recently filed Implementation Plan and Statement of Intent, the Board shall direct the preparation and filing of a new or amended Implementation Plan and Statement of Intent to include the territory of the County or City as soon as reasonably practicable. The Board may require the County or City to pay the cost of preparation and submission of the Implementation Plan and Statement of Intent. Upon California Public Utilities Commission certification of the new or amended Implementation Plan and Statement of Intent, the Board shall take action to approve membership of the County or City. The County or City shall then be entitled to all rights under this Agreement, including a seat on the Board and voting rights pursuant to Section 5.A and Section 8.

3. Counterparts.

This Amendment may be executed in counterparts and be as valid and binding as if each Member signed the same copy. A faxed or scanned copy of the executed signature page shall be sufficient to cause the terms of this Amendment to become fully operative. The effective date of this Amendment shall be the date it is approved by the Pioneer Board.

IN WITNESS WHEREOF, the Voting Members have executed this Amendment No. 1 to the Amended and Restated Joint Powers Agreement for Pioneer Community Energy.

EXECUTED ON

COUNTY OF EL DORADO, a political
subdivision

And approved as to form _____

By _____
Chairman, Board of Supervisors

ATTEST:

SIGNATURES CONTINUED ON NEXT PAGE

EXECUTED ON

COUNTY OF PLACER, a political
subdivision

And approved as to form _____

By _____
Chairman, Board of Supervisors

ATTEST:

SIGNATURES CONTINUED ON NEXT PAGE

EXECUTED ON

CITY OF AUBURN, a Municipal Corporation

And approved as to form _____

ATTEST:

By _____
Mayor, City Council

SIGNATURES CONTINUED ON NEXT PAGE

EXECUTED ON

CITY OF COLFAX, a Municipal Corporation

And approved as to form _____

ATTEST:

By _____
Mayor, City Council

SIGNATURES CONTINUED ON NEXT PAGE

EXECUTED ON

CITY OF LINCOLN, a Municipal Corporation

And approved as to form _____

ATTEST:

By _____
Mayor, City Council

SIGNATURES CONTINUED ON NEXT PAGE

EXECUTED ON

CITY OF PLACERVILLE, a Municipal Corporation

And approved as to form _____

By _____
Mayor, City Council

ATTEST:

SIGNATURES CONTINUED ON NEXT PAGE

EXECUTED ON

CITY OF ROCKLIN, a Municipal Corporation
And approved as to form _____

By _____
Mayor, City Council

ATTEST:

SIGNATURES CONTINUED ON NEXT PAGE

EXECUTED ON

TOWN OF LOOMIS, a Municipal Corporation

And approved as to form _____

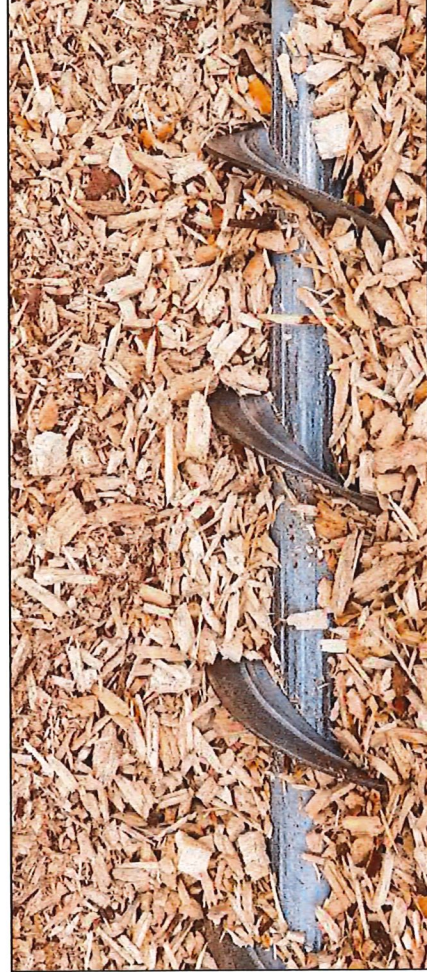
ATTEST:

By _____
Mayor, Town Council

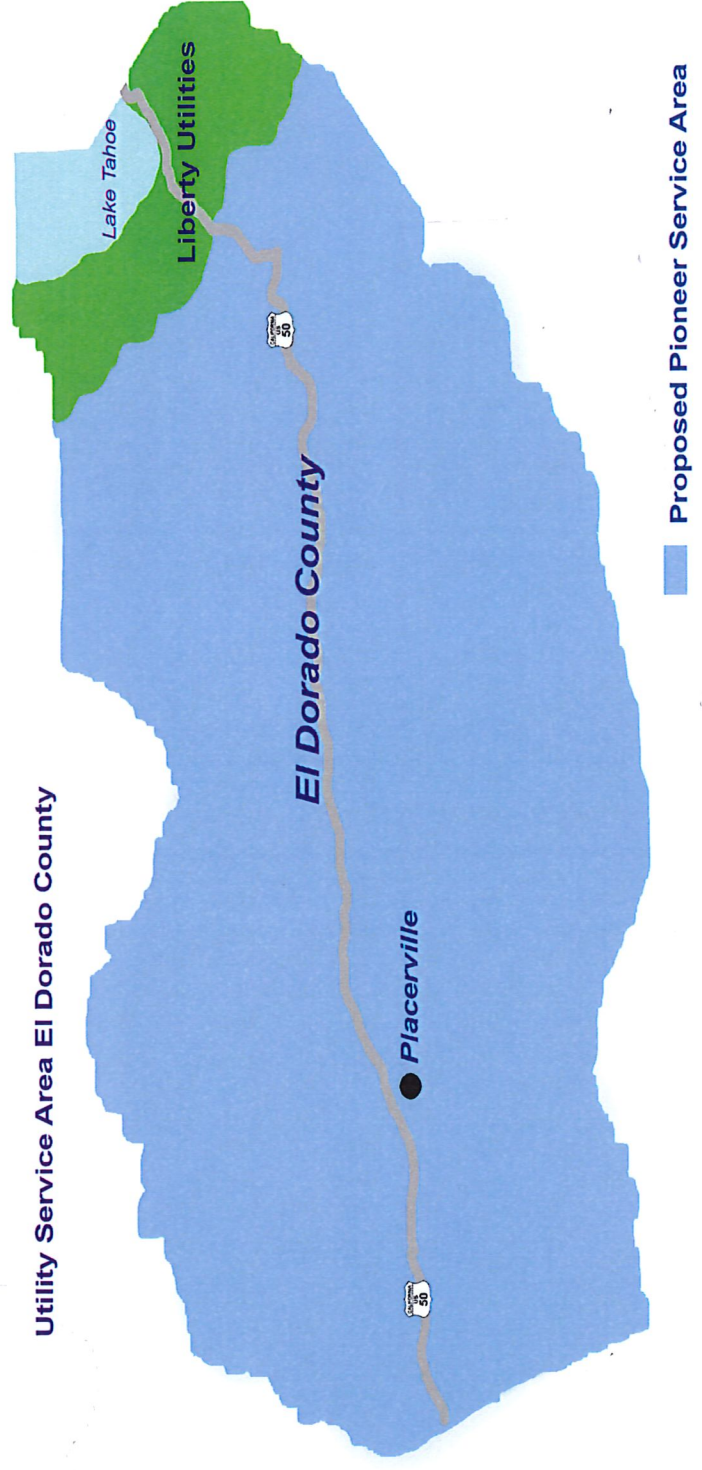


Impact Assessment Study Review

Loomis City Council Meeting
November 19, 2020



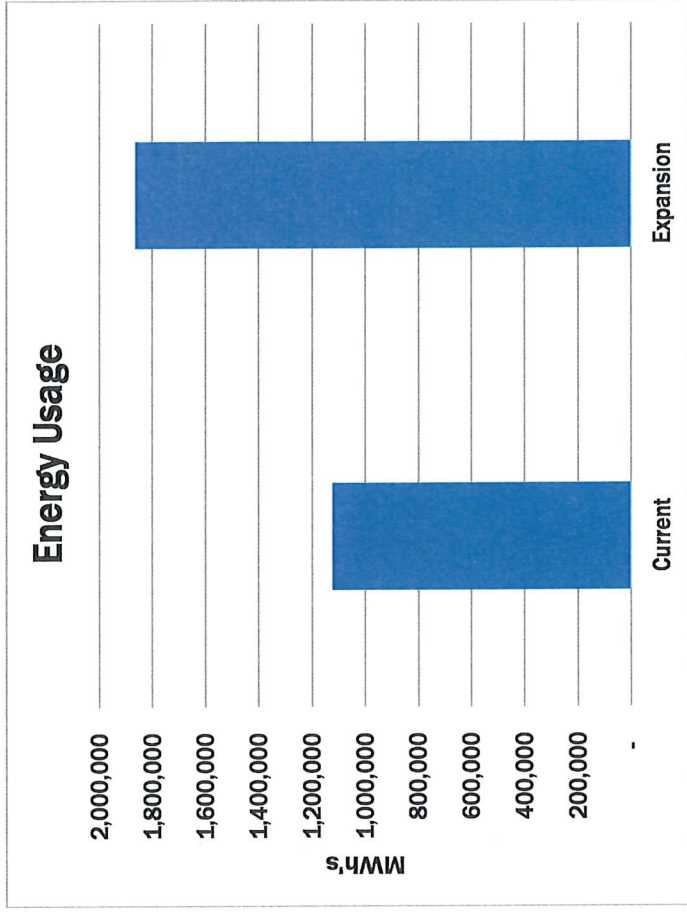
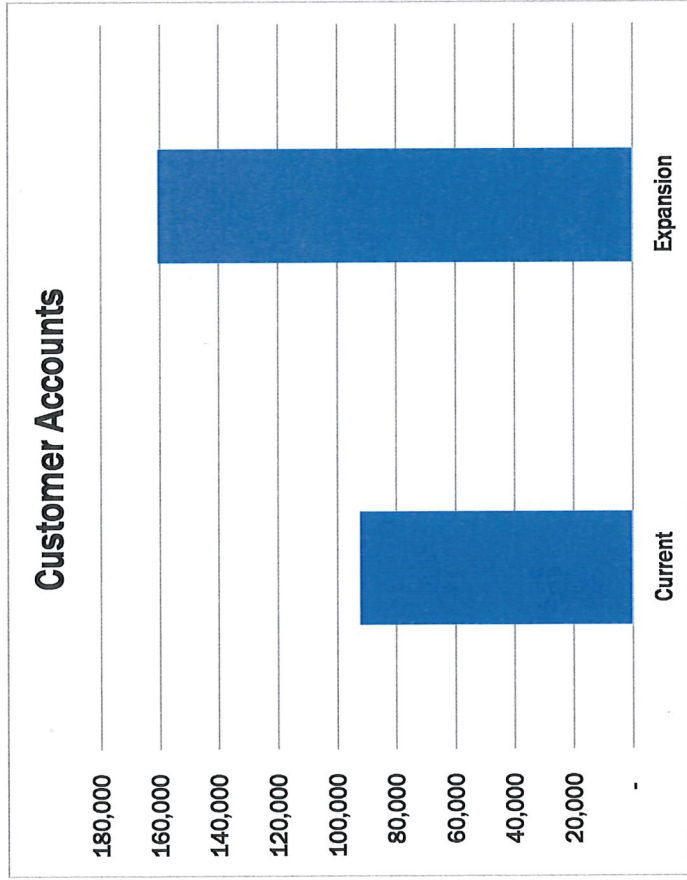
Where are we Expanding to?



Key Assumptions for Impact Assessment

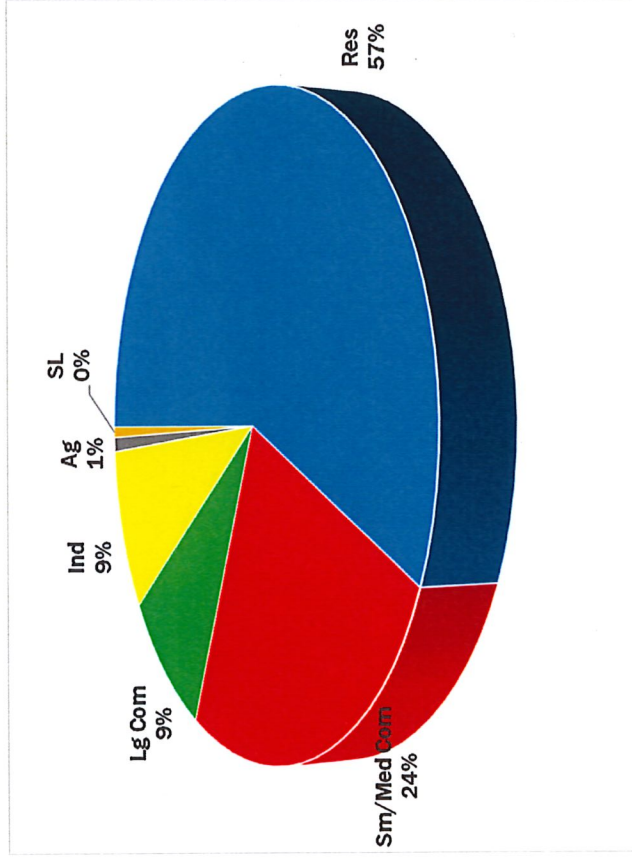
- ▶ Prospective account stats sourced from 2018-2019 PG&E Item16 data
- ▶ Service set to commence in January 2022 for new communities
- ▶ 10% opt-out assumption utilized for prospective new communities
- ▶ Current market conditions and Pioneer rates maintained through FYE 2025

Accounts & Energy Impacts

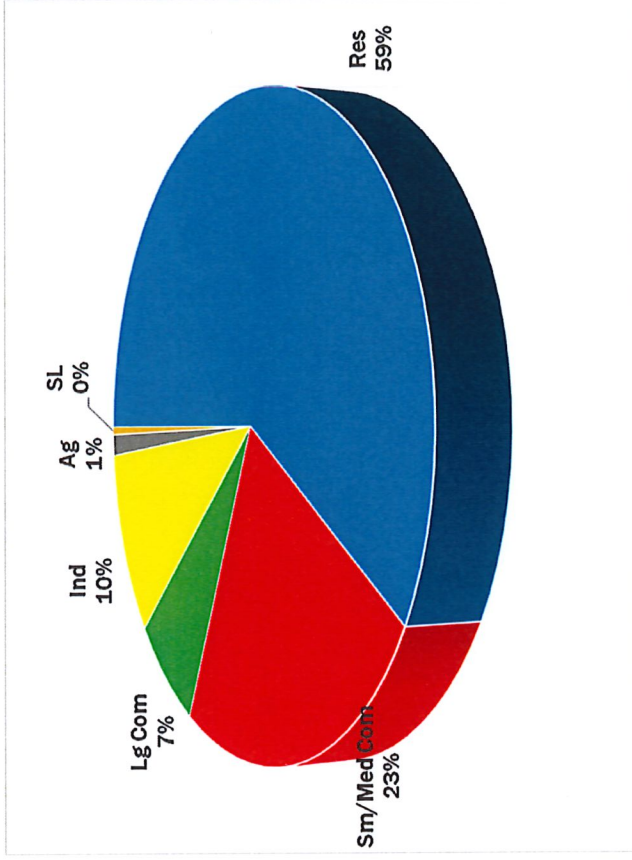


Rate Class Composition

Current



Expansion



Base Case

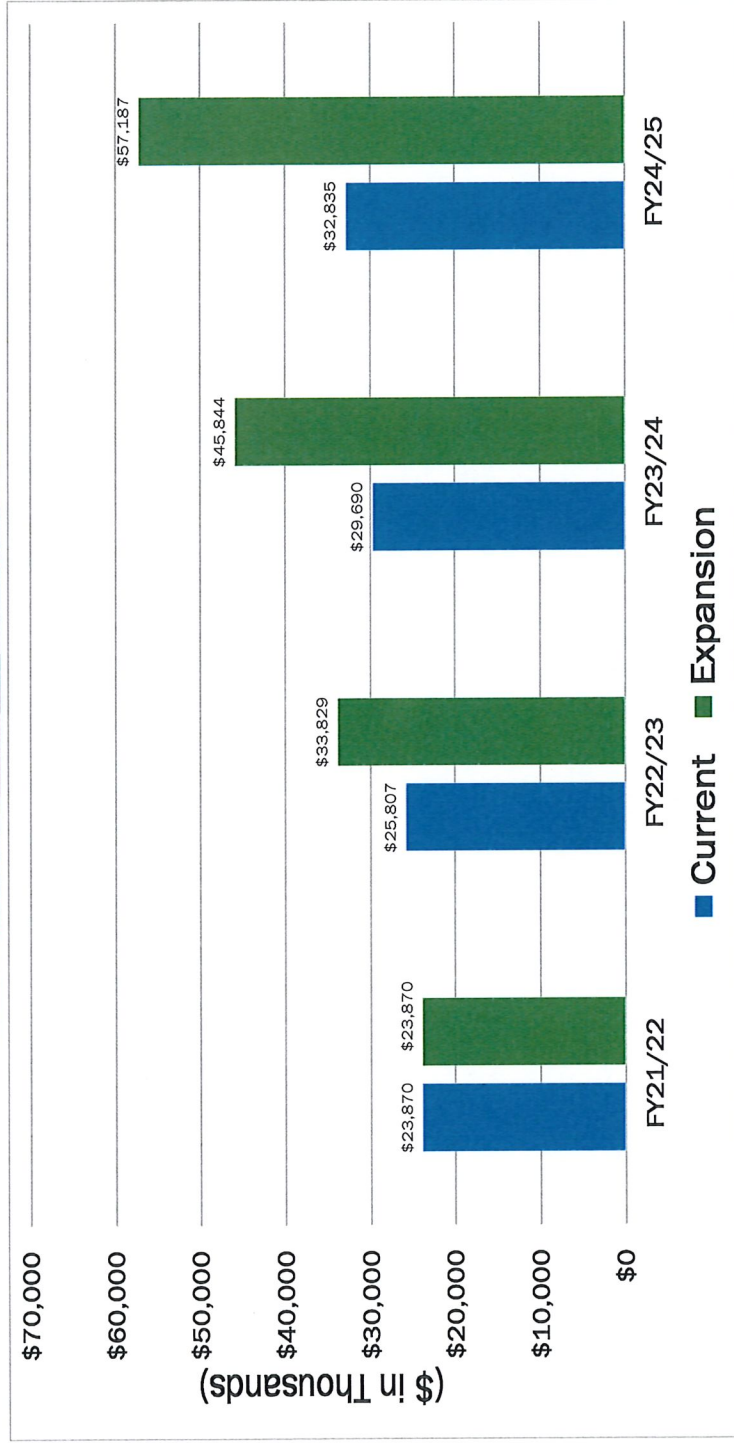
Current

(\$ in Thousands)	FY 22/23	FY 23/24	FY 24/25
Operating Revenues	\$84,428	\$85,060	\$85,283
Power Supply	71,787	73,861	74,603
Other Operating Expenses	7,103	7,316	7,535
Operating Margin	<u>5,538</u>	<u>3,883</u>	<u>3,144</u>
Debt Service	3,601	-	-
Available for Reserves	<u>\$1,937</u>	<u>\$3,883</u>	<u>\$3,144</u>

Expansion

(\$ in Thousands)	FY 22/23	FY 23/24	FY 24/25
Operating Revenues	\$142,126	\$143,046	\$143,559
Power Supply	120,663	122,915	123,881
Other Operating Expenses	7,903	8,116	8,335
Operating Margin	<u>13,560</u>	<u>12,015</u>	<u>11,343</u>
Debt Service	<u>3,601</u>	-	-
Available for Reserves	<u>\$9,959</u>	<u>\$12,015</u>	<u>\$11,343</u>
Difference to Current	\$8,022	\$8,132	\$8,199

Base Case – Projected Reserves



Stress Test #1 – High Opt-Out (25%)

Current

(\$ in Thousands)	FY 22/23	FY 23/24	FY 24/25
Operating Revenues	\$84,428	\$85,060	\$85,283
Power Supply	71,787	73,861	74,603
Other Operating Expenses	7,103	7,316	7,535
Operating Margin	5,538	3,883	3,144
Debt Service	3,601	-	-
Available for Reserves	\$1,937	\$3,883	\$3,144

Expansion

(\$ in Thousands)	FY 22/23	FY 23/24	FY 24/25
Operating Revenues	\$132,509	\$133,382	\$133,847
Power Supply	112,416	114,738	115,668
Other Operating Expenses	7,703	7,916	8,135
Operating Margin	12,390	10,728	10,043
Debt Service	3,601	-	-
Available for Reserves	\$8,789	\$10,728	\$10,043
Difference to Current	\$6,852	\$6,845	\$6,899

Stress Test #2 – Increased Power Supply Costs (20%)

Current

(\$ in Thousands)	FY 22/23	FY 23/24	FY 24/25
Operating Revenues	\$84,428	\$85,060	\$85,283
Power Supply	74,214	77,984	80,152
Other Operating Expenses	7,103	7,316	7,535
Operating Margin	<u>3,111</u>	<u>(240)</u>	<u>(2,404)</u>
Debt Service	3,601	-	-
Available for Reserves	<u>\$490</u>	<u>\$240</u>	<u>\$2,404</u>

Expansion

(\$ in Thousands)	FY 22/23	FY 23/24	FY 24/25
Operating Revenues	\$142,126	\$143,046	\$143,559
Power Supply	130,277	134,065	136,469
Other Operating Expenses	7,903	8,116	8,335
Operating Margin	<u>3,946</u>	<u>866</u>	<u>(1,245)</u>
Debt Service	3,601	-	-
Available for Reserves	<u>\$345</u>	<u>\$866</u>	<u>\$1,245</u>
Difference to Current	<u>\$835</u>	<u>\$1,106</u>	<u>\$1,159</u>

Stress Test #3 – Decreased Revenue (7% drop in current rates to stay competitive)

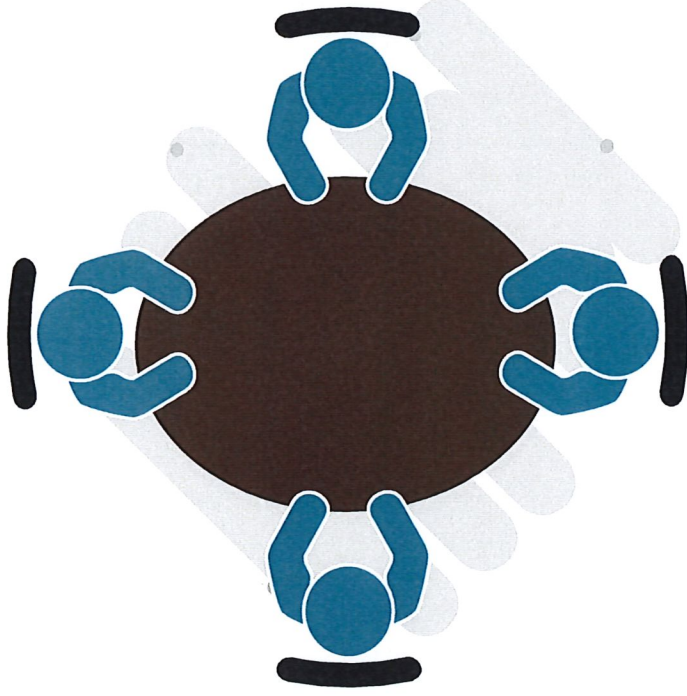
Current

(\$ in Thousands)	FY 22/23	FY 23/24	FY 24/25
Operating Revenues	\$78,851	\$79,439	\$79,650
Power Supply	71,787	73,861	74,603
Other Operating Expenses	7,103	7,316	7,535
Operating Margin	(38)	(1,738)	(2,489)
Debt Service	3,601	-	-
Available for Reserves	\$3,639	\$1,738	\$2,489

Expansion

(\$ in Thousands)	FY 22/23	FY 23/24	FY 24/25
Operating Revenues	132,738	133,595	134,076
Power Supply	120,663	122,915	123,881
Other Operating Expenses	7,903	8,116	8,335
Operating Margin	4,172	2,564	1,860
Debt Service	3,601	-	-
Available for Reserves	\$571	\$2,564	\$1,860
Difference to Current	\$4,210	\$4,302	\$4,349

Proposed Governing Board



9 Member Board

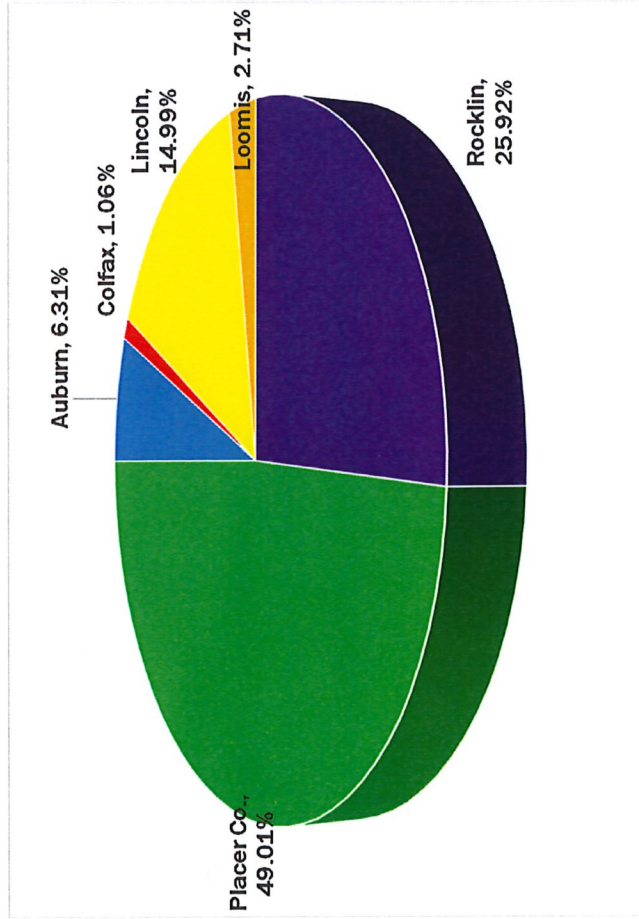
Current 7 Member Board

+ 1 Member from Placerville

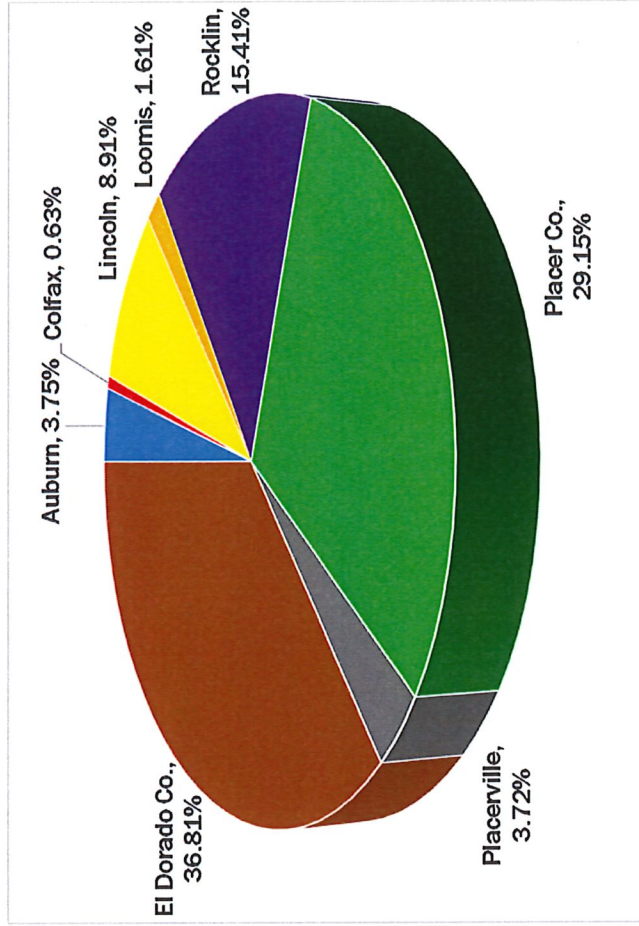
+ 1 Member from El Dorado County

Voting Shares

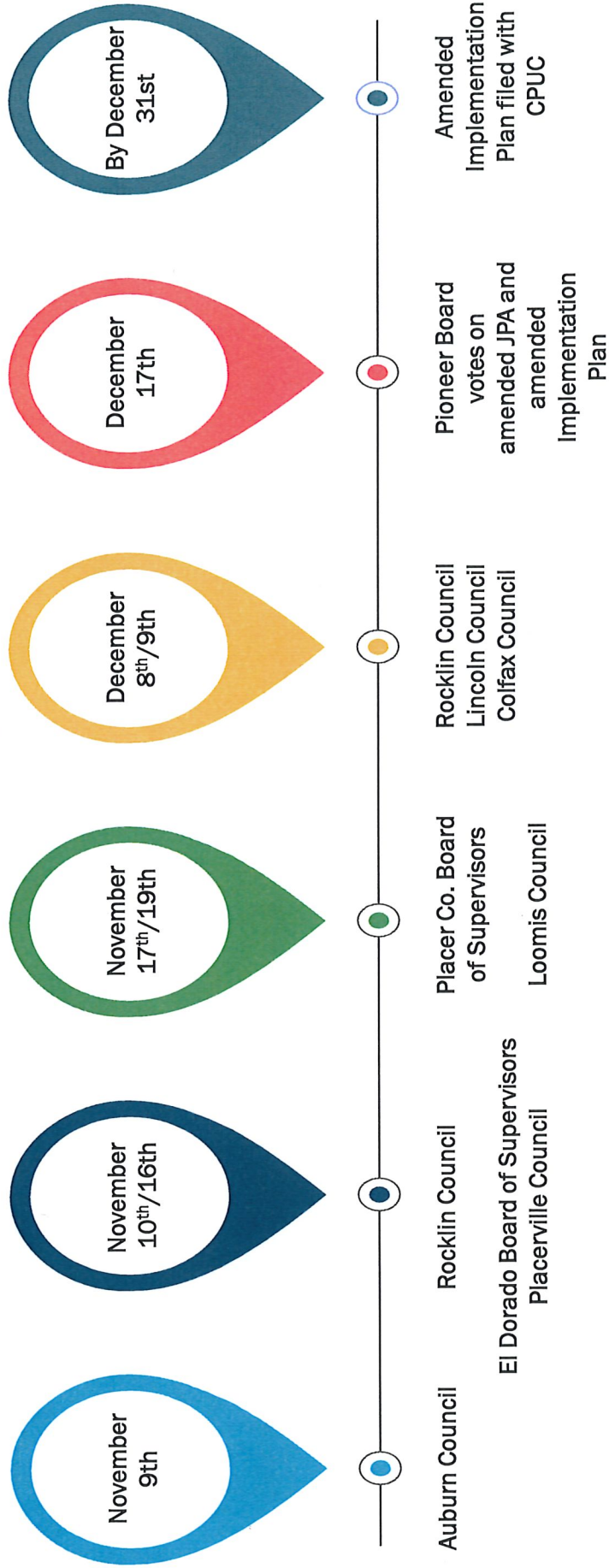
Current



Expansion



Draft Timeline



Recommendation: Approve Expansion

1 Maintains Rate Stability and Competitiveness



2 Deliver on other value plays such as economic development rates, biomass, PSPS mitigation and energy efficiency programs

4 More leverage in power supply and legislative/regulatory issues

3 Position to pay off debt early



Thank You!

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