



## Special Meeting

### Governing Board Agenda

**November 6, 2020, 3:00 pm**

Board of Supervisors Chambers

175 Fulweiler Avenue, Auburn, CA 95603

### Governing Board and Alternates

Chair: Greg Janda, City of Rocklin  
Vice Chair: Cheryl Maki, City of Auburn  
Peter Gilbert, City of Lincoln  
Kim Douglass, City of Colfax  
Kirk Uhler, County of Placer  
Jim Holmes, County of Placer  
Jeffrey Duncan, Town of Loomis  
Alternate County of Placer, Bonnie Gore  
Alternate Town of Loomis, Jan Clark-Crets  
Alternate City of Auburn, Matt Spokely  
Alternate City of Lincoln, Paul Joiner  
Alternate City of Rocklin, Joe Patterson  
Alternate City of Colfax, Trinity Burruss

*The Pioneer Board meeting will be live streamed and can be accessed and viewed at the following web link:*  
<https://placer-ca-gov.zoom.us/j/91528750309>

*In order to protect public health and the safety of our Placer County citizens, the Public Comment for the Pioneer Governing Meeting will be offered through the Zoom platform. Public access to The Pioneer Governing Board Meeting will be entirely by remote audio/visual participation. Therefore, the meeting will be closed to in-person public participation. Citizens who wish to comment should be prepared to use the **Zoom platform via computer or telephone**. Public Comment will be opened for each agenda item in sequence, so be prepared to call in for the specific item you wish to comment on when the Board Chair announces the item. Calls will not be connected if Public Comment has been closed for that item, and callers will be directed to call back if they are calling for a later agenda item.*

### How to Participate Using Zoom

You can join the meeting using the following link <https://placer-ca-gov.zoom.us/j/91528750309>. When you join the meeting, you will be muted by default. To inform the Clerk that you would like to make a public comment, you will use the "Raise Hand" feature.

### Public Comment via Computer or Smartphone

If you would like to make a comment, you will use the "**Raise Your Hand**" feature. Please note that you should only raise your hand during the item you would like to comment on. Instructions for using the "Raise Hand" feature when using a computer or mobile device can be found at the link below:

<https://support.zoom.us/hc/en-us/articles/205566129-Raising-your-hand-in-a-webinar>

### Public Comment via telephone (Audio Only Option)

1. Dial **1 888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)**
2. When asked for the meeting ID, enter **915 2875 0309 #**
3. When asked for your participant ID, press **#** to continue
4. You will be muted by default. To inform the Clerk that you would like to make a comment during each agenda item, dial **\*9 to "Raise your hand."** When it's your turn to speak, the clerk will identify you by the last three digits of your phone number, at that time dial **\*6 to unmute yourself** and state your name and comment for the record. Please note that you should only raise your hand during the item you would like to comment on.

**1) Agenda Approval**

**2) Public Comment** *Persons may address the Board on items not on this agenda. Please limit comments to 3 minutes per person. The Board is not permitted to take any action on items addressed under Public Comment.*

**3) Impact Assessment Study (Discussion)**

- a) Receive a report from Pacific Energy Advisors (PEA) on the results of the Impact Assessment Study determining the feasibility of expanding Pioneer's service territory to include the City of Placerville and Unincorporated El Dorado County (PG&E territory).

**4) Board Member and Executive Director Comments (Discussion)**

**5) Adjournment**

**Next Meeting Scheduled for:**

November 19, 2020, 3:00 pm  
Pioneer Community Energy Offices  
2510 Warren Drive, Suite B, Rocklin, CA 95677

Note: Due to COVID-19, the meeting will be held by remote audio/visual participation.

Pioneer Community Energy is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you are hearing impaired, we have listening devices available. If you require additional disability-related modifications or accommodations, including auxiliary aids or services, please contact the Clerk of the Board. If requested, the agenda shall be provided in appropriate alternative formats to persons with disabilities. All requests must be in writing and must be received by the Clerk five business days prior to the scheduled meeting for which you are requesting accommodation. Requests received after such time will be accommodated only if time permits.



### Staff Report – Item 3

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To: The Governing Board

From: Pacific Energy Advisors, Technical Consultants

Item 3: Pioneer Community Energy Impact Assessment Study focused on the expansion into Unincorporated Areas of El Dorado County and the City of Placerville

Date: 11/6/2020

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#### **RECOMMENDATION**

Receive an Impact Assessment Study focused on the on the expansion into Unincorporated Areas of El Dorado County and the City of Placerville.

#### **BACKGROUND**

Earlier this year, El Dorado County and the City of Placerville (together, the “Prospective Members”) each expressed interest in joining Pioneer Community Energy (Pioneer) and took appropriate action to offer CCA service within their respective communities – per statute, communities interested in offering CCA service must pass a related resolution at a duly noticed meeting of the municipality’s governing council. Staff understands that the Prospective Members have each taken such action, enabling the provision of CCA service within their respective jurisdictions.

When considering prospective new members, it is important for Pioneer to evaluate the likely impacts of organizational growth and CCA service expansion on existing members and their customers. While it is very challenging to predict, with certainty, future operating results in a historically volatile industry, best available information regarding energy product pricing, customer energy usage (amongst Pioneer’s existing customers as well as within communities of the Prospective Members), administrative costs and other key considerations was compiled to determine the potential impact on Pioneer’s organization associated with expansion to the Prospective Members.

El Dorado County received a presentation from Pioneer staff on September 22, 2020 and remained interested in joining Pioneer’s organization following the receipt of such information. El Dorado County represents a population of approximately 150,000 and would become the largest member of Pioneer’s organization based on historical energy usage.

The City of Placerville received a presentation from Pioneer staff on September 16, 2020 and also remained interested in joining Pioneer’s organization following the receipt of such information. The City of Placerville represents a population of approximately 11,000.

The request of these jurisdictions to join Pioneer requires approval of your Board, and Pacific Energy Advisors, Inc. (PEA) has prepared a related expansion impact assessment to aid in such decision-making process. PEA has prepared numerous similar assessments for other CCA organizations and is highly experienced in the preparation of such analyses. The impact assessment was completed for the purpose of determining potential financial impacts related to the addition of customers located within the Prospective Members as well as the impacts to electricity usage-weighted voting shares attributed to each Pioneer member. The analysis has been completed and is attached hereto.

**ANALYSIS & DISCUSSION**

The impacts of this prospective membership expansion are positive, demonstrating a positive fiscal impact for Pioneer and its customers<sup>1</sup>. It is estimated that the additional customer base would yield annual average operating margin increases approximating \$8 million, or roughly 9% of Pioneer's currently projected pre-expansion revenues. These prospective financial benefits could be utilized to pay down outstanding debt, supplement reserves, expand funding for local energy programs or help maintain the general competitiveness of Pioneer rates.

On February 8, 2017, the California Public Utilities Commission (CPUC) passed Resolution E-4907, which delays the timeline by which a new member jurisdiction may begin service with a CCA. As a result, El Dorado County and the City of Placerville will not be permitted to begin service until 2022. To begin service in 2022, however, Resolution E-4907 requires the submission of an Addendum to Pioneer's Implementation Plan and Statement of Intent no later than December 31, 2020. This Addendum will be modeled in consideration of similar "streamlined" addendums submitted by other California CCAs (and subsequently certified by the CPUC).

General budgetary impacts of the recommended actions are expected to be positive, as increases in revenues should more than compensate for increased expenses after enrollment occurs. Specific budgetary impacts would therefore be reflected in the FY 2022/23 budget.

**FISCAL IMPACT**

Assuming base case scenario, the expansion would result in approximately \$8 million additional net margin when the expansion is fully implemented.

**ATTACHMENTS**

1. Presentation on Impact Assessment Study.

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<sup>1</sup> Note that any rate/financial impacts are based on wholesale electricity pricing at the time of such analysis. Such pricing is subject to change, and actual rate/financial impacts will be based on wholesale electricity pricing offered to Pioneer at the time of power supply contract execution to support CCA service within any new member community.

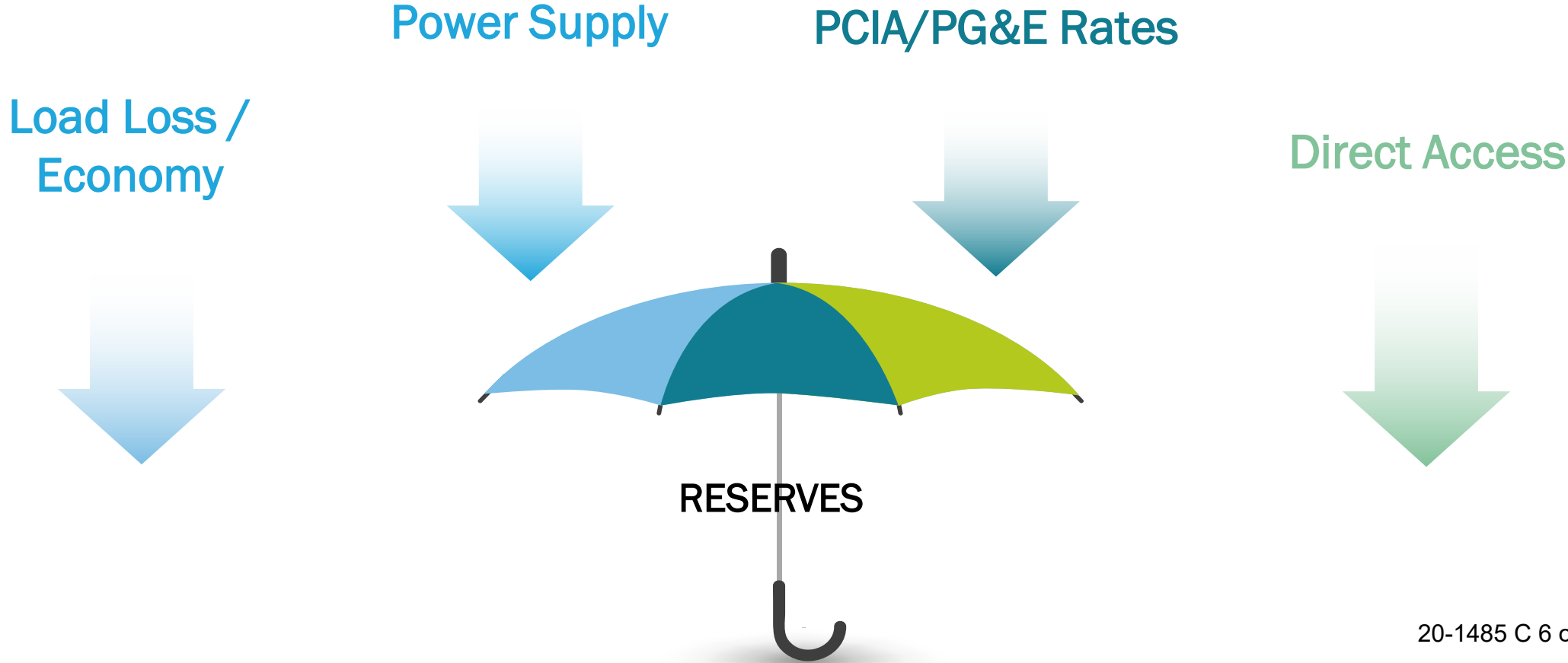


## Impact Assessment Study Review

Special Governing Board Meeting  
November 6, 2020

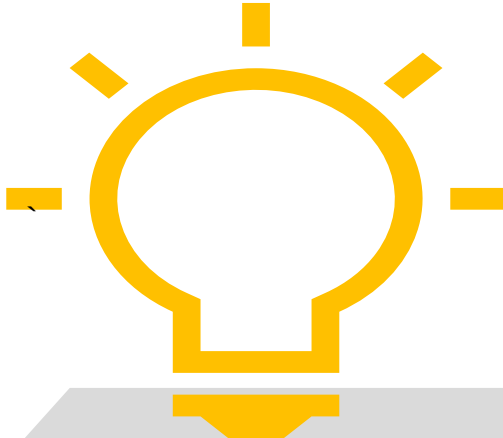


# Why Expand? Risk to Rates

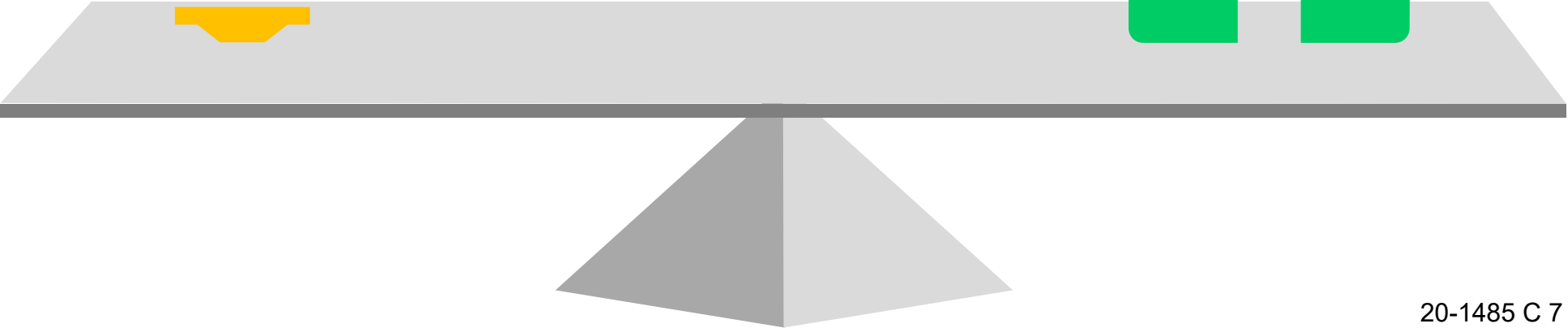


# Balanced Solution

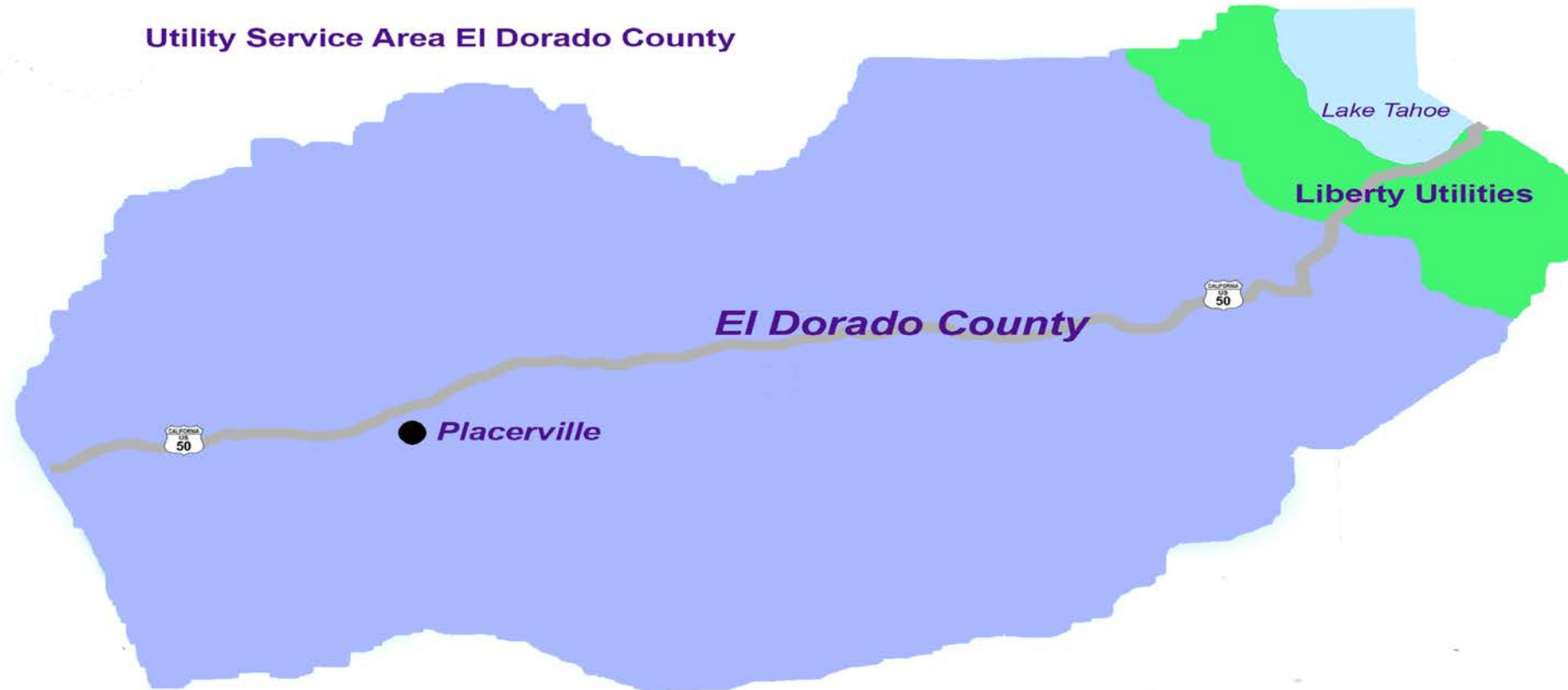
Pioneer



Ratepayers



# Where are we Expanding to?

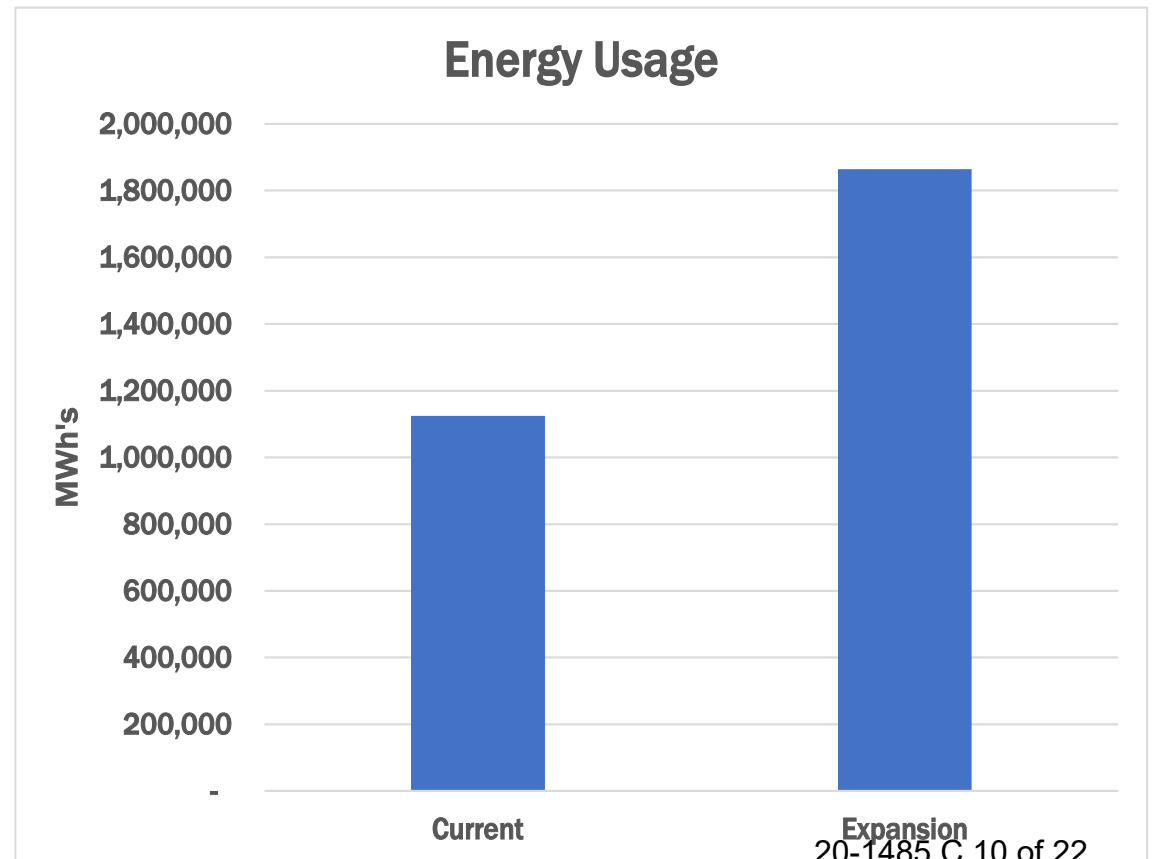
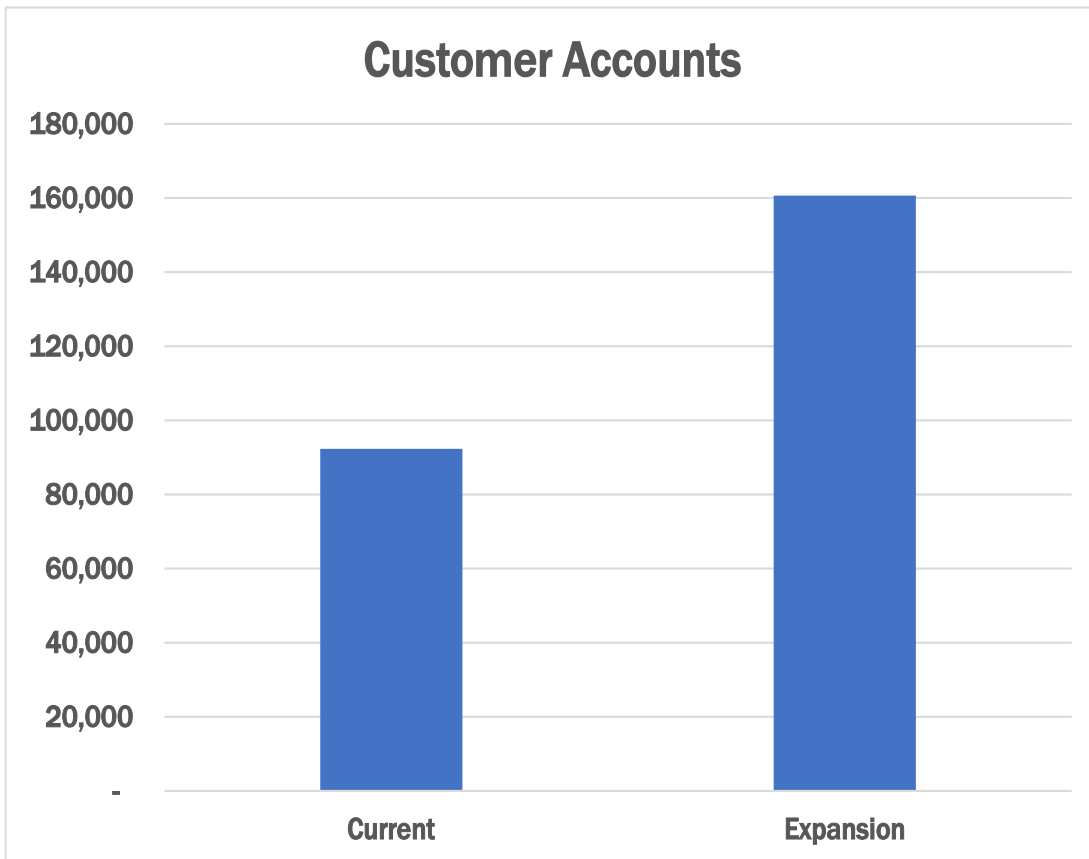




# Key Assumptions for Impact Assessment

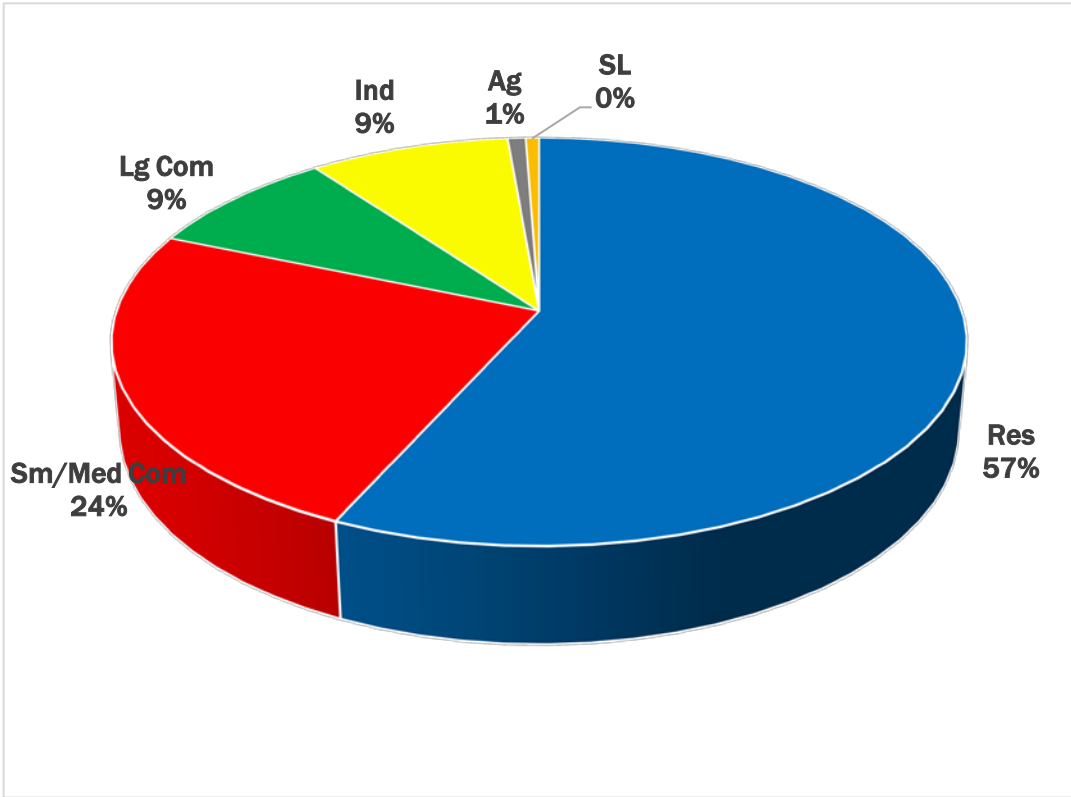
- ▶ Prospective account stats sourced from 2018-2019 PG&E Item16 data
- ▶ Service set to commence in January 2022 for new communities
- ▶ 10% opt-out assumption utilized for prospective new communities
- ▶ Current market conditions and Pioneer rates maintained through FYE 2025

# Accounts & Energy Impacts

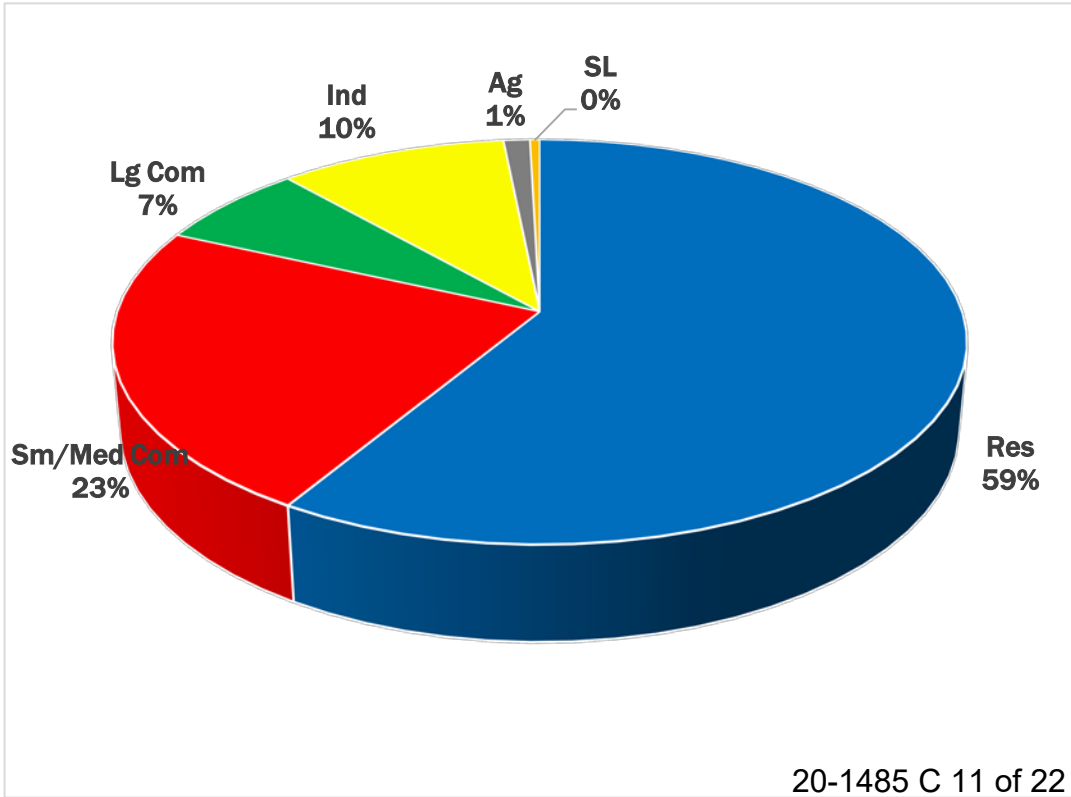


# Rate Class Composition

## Current



## Expansion



# Base Case

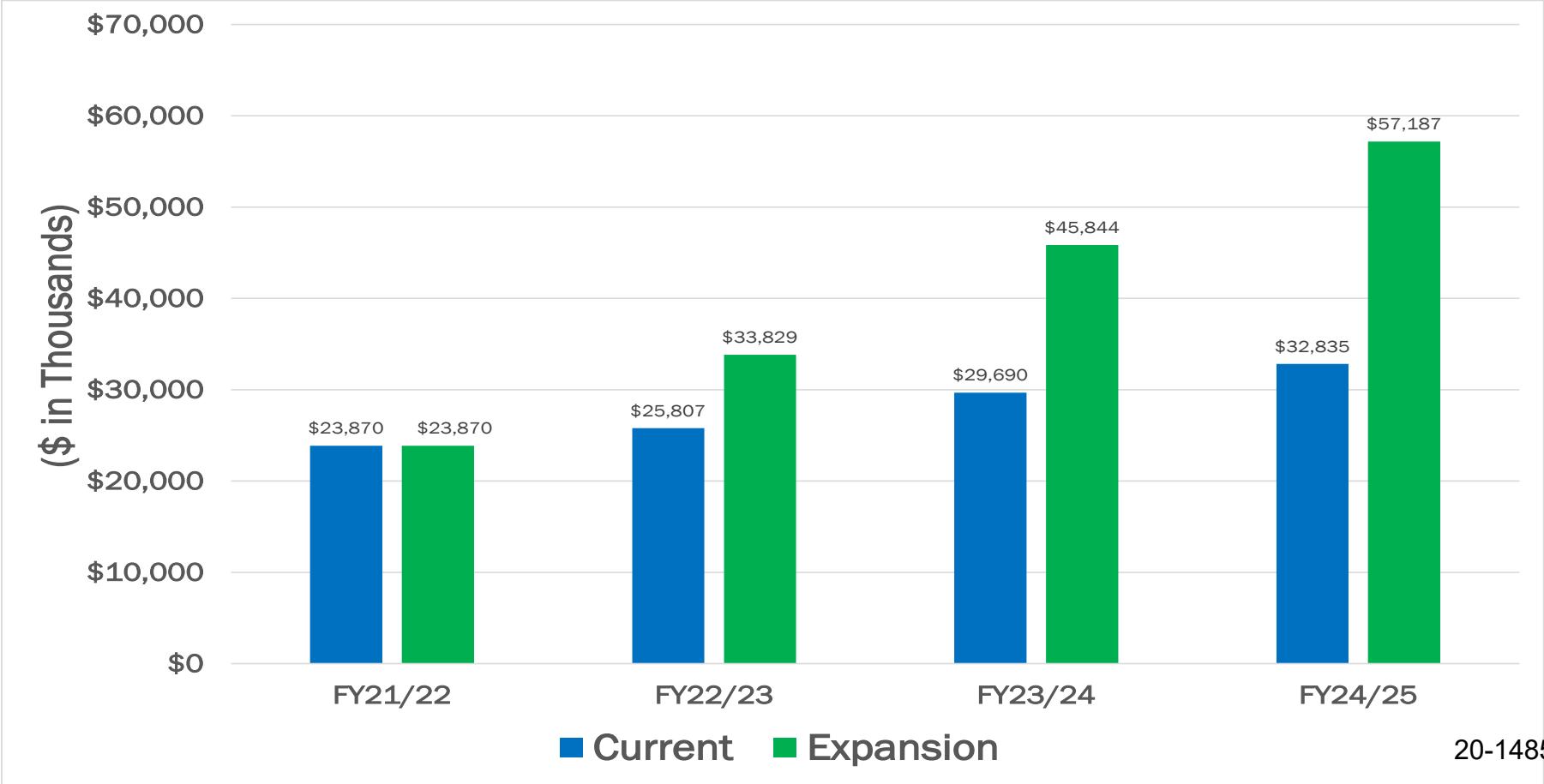
## Current

(\$ in Thousands)	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 24/25</u>
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)	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 24/25</u>
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	13,560	12,015	11,343
Debt Service	<u>3,601</u>	<u>-</u>	<u>-</u>
Available for Reserves	<u>\$9,959</u>	<u>\$12,015</u>	<u>\$11,343</u>
Difference to Current	<b>\$8,022</b>	<b>\$8,132</b>	<b>\$8,199</b>

# Base Case – Projected Reserves



# Stress Test #1 – High Opt-Out

## Current

(\$ in Thousands)	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 24/25</u>
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)	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 24/25</u>
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	<u>\$8,789</u>	<u>\$10,728</u>	<u>\$10,043</u>
Difference to Current	\$6,852	\$6,845	\$6,899

# Stress Test #2 – Increased Power Supply Costs

## Current

(\$ in Thousands)	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 24/25</u>
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)	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 24/25</u>
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	3,946	866	(1,245)
Debt Service	3,601	-	-
Available for Reserves	<u>\$345</u>	<u>\$866</u>	<u>\$1,245</u>
Difference to Current	\$835	\$1,106	\$1,159

# Stress Test #3 – Decreased Revenue (adjust for rate competitiveness)

## Current

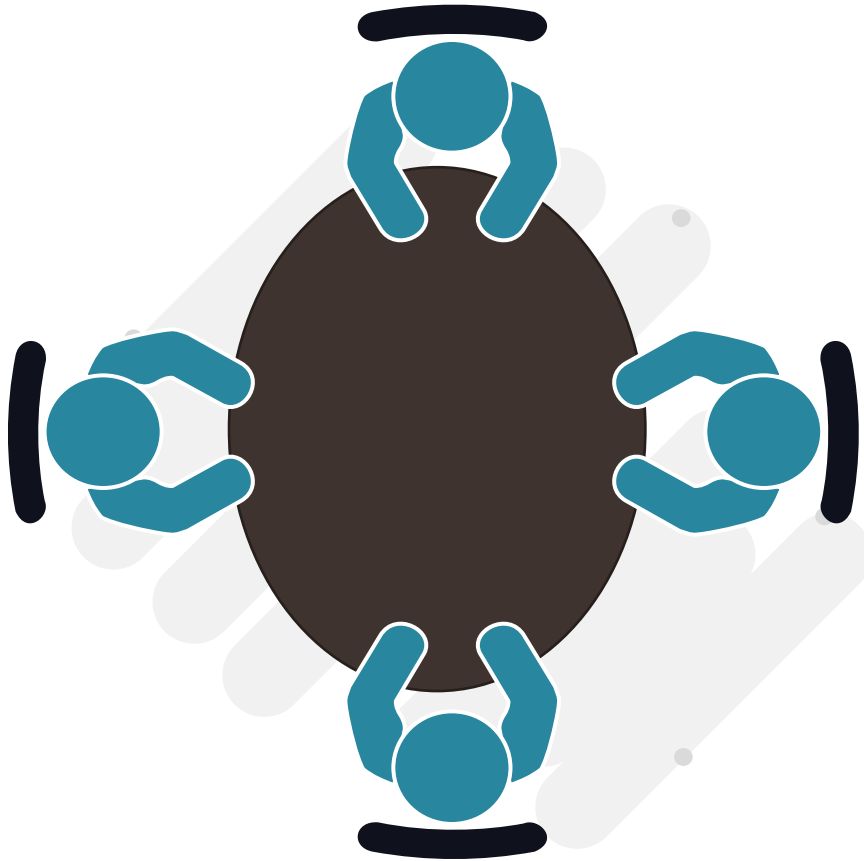
(\$ in Thousands)	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 24/25</u>
Operating Revenues	\$78,851	\$79,439	\$79,650
Power Supply	71,787	73,861	74,603
Other Operating Expenses	7,103	7,316	7,535
Operating Margin	<u>(38)</u>	<u>(1,738)</u>	<u>(2,489)</u>
Debt Service	3,601	-	-
Available for Reserves	<u><b>\$3,639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

## Expansion

(\$ in Thousands)	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 24/25</u>
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	<u><b>\$571</b></u>	<u><b>\$2,564</b></u>	<u><b>\$1,860</b></u>
Difference to Current	<b>\$4,210</b>	<b>\$4,302</b>	<b>\$4,349</b>



# Proposed Governing Board



## 9 Member Board

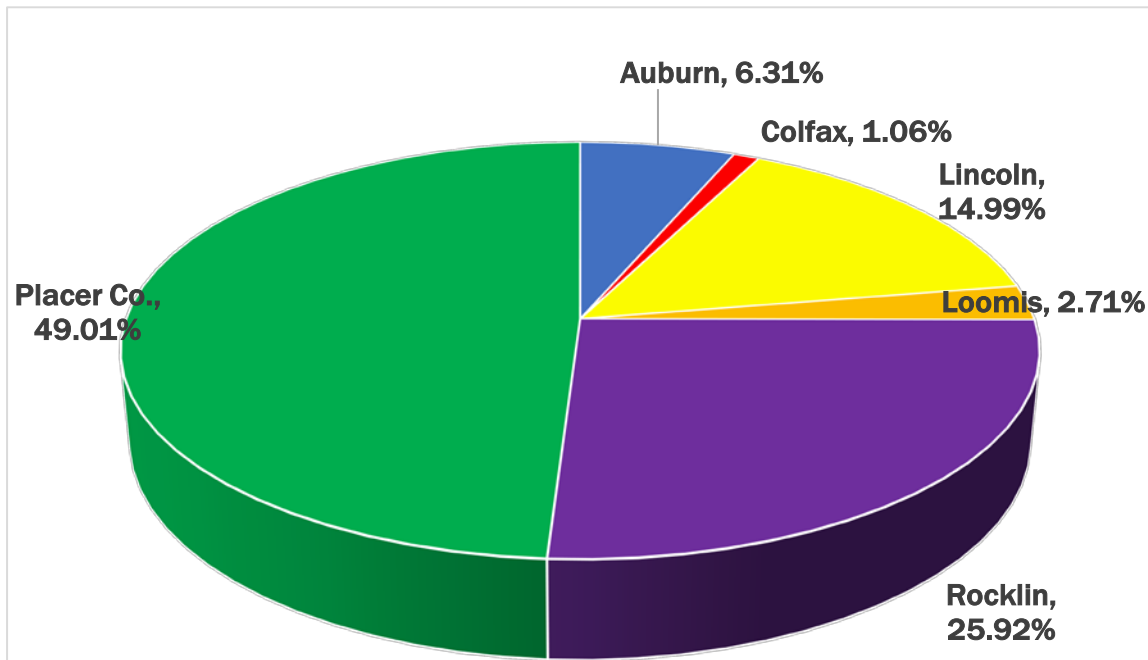
Current 7 Member Board

+ 1 Member from Placerville

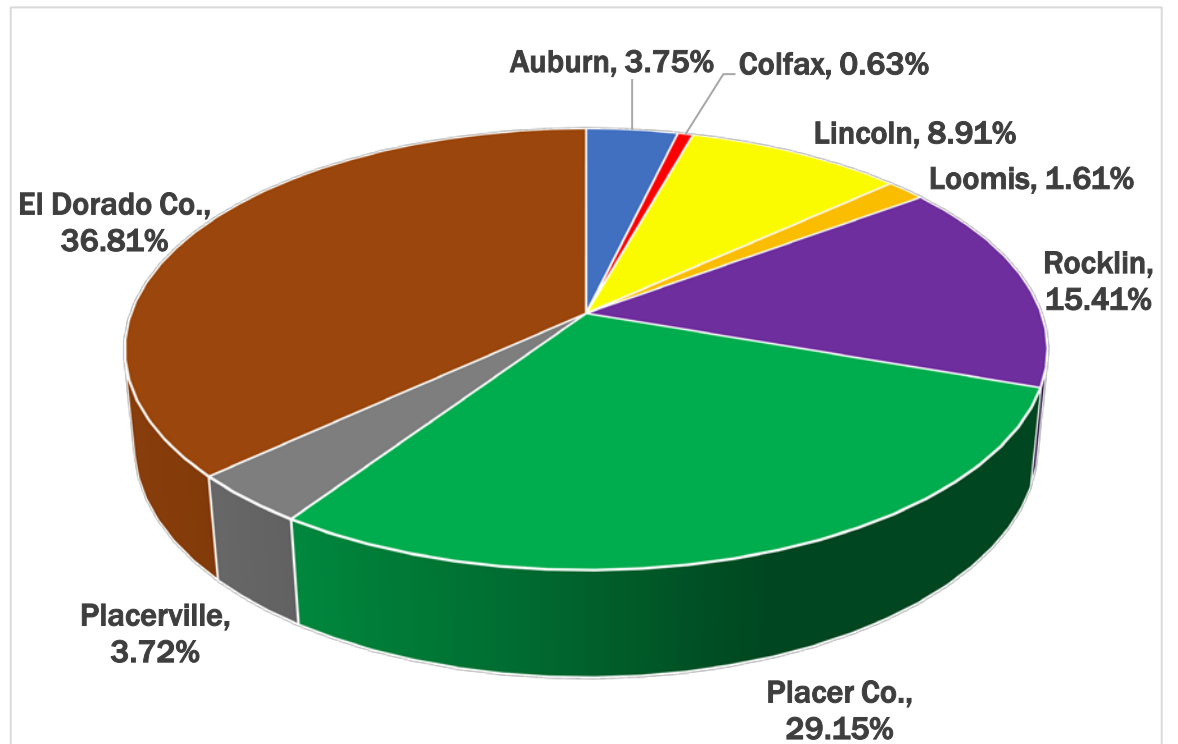
+ 1 Member from El Dorado County

# Voting Shares

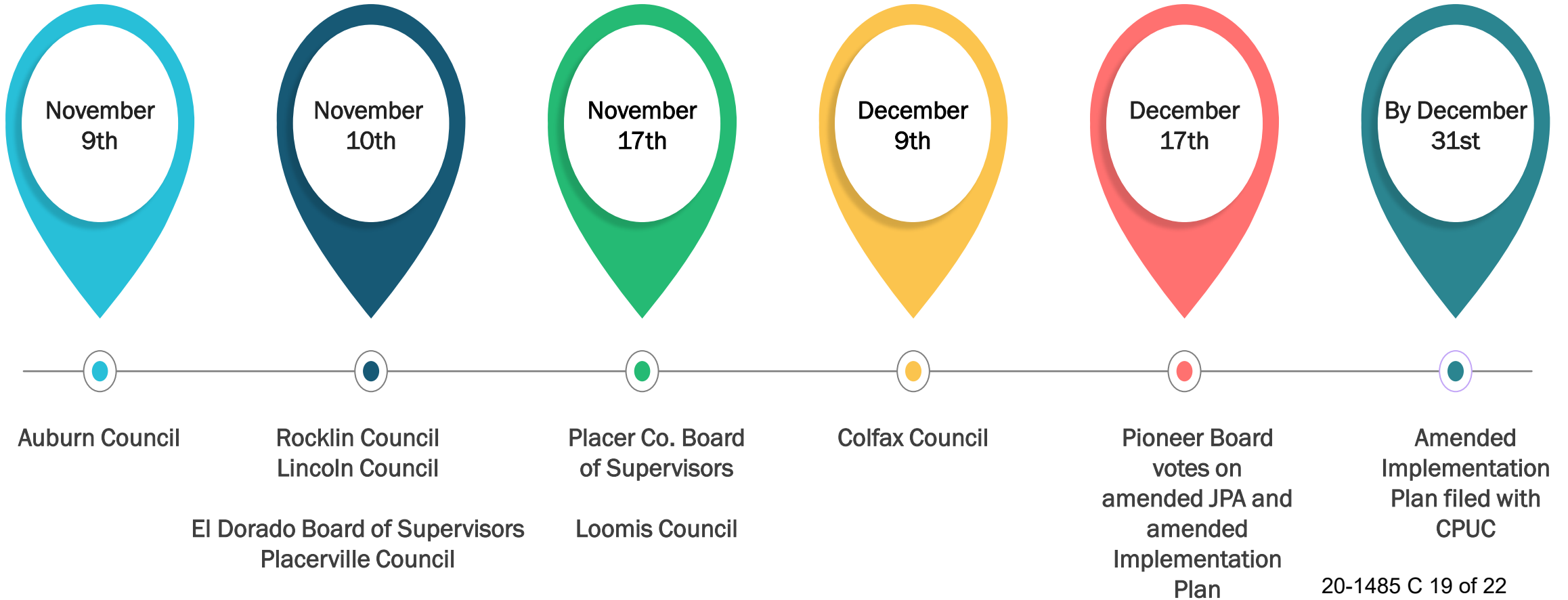
## Current



## Expansion



# Draft Timeline



# Recommendation: Approve Expansion

1 Maintains Rate Stability and Competitiveness

4 More leverage in power supply and legislative/regulatory issues



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

3 Position to pay off debt early

# Thank You!

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(916) 251-8574

## 2020 Survey

- Pioneer Community Energy leadership is executing two annual customer listening surveys to address high opt-out rates:
  - Residential survey
  - Business survey
- Set a baseline of customer perceptions and engagement

## 2020 Survey Goals

- Understand resident and business top priorities
- Help inform Pioneer's communication and engagement strategies
- Feedback will assist in the strategic planning process
- Uncover perceptions that may be leading to optouts