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To: Lemoore City Council
From: John Tyler, Administrative Analyst Item #5A/B
Date: October 12, 2006
**Subject: Community Choice Aggregation; Ordinance 2006-09 and
Joint Powers Authority Agreement**

Discussion:

Council is by now well aware of the history and intricacies of the Community Choice Aggregation Program. You will recall that the Kings River Conservation District (KRCD) has been working with Cities and Counties within their jurisdiction to implement Community Choice Aggregation (CCA), an alternative system of energy supply for our region. A CCA Program, if implemented, would provide KRCD with the ability to produce electricity that would, in turn, be routed through PG&E for distribution to consumers in our region, including our own City facilities. KRCD believes that they can produce this electricity at a lower cost than PG&E, thus saving citizens and agencies money in the long-term. KRCD drafted a blanket Memorandum of Understanding (MOU) to include all agencies in the jurisdiction, which Council signed and ratified on March 1, 2005. Since that time, the KRCD has been working diligently to construct an enabling ordinance and a Joint Powers Agreement for the parties to adopt at some point in October. These documents are required as part of the application submission to the California Public Utilities Commission (CPUC), and are before you today. The enabling Ordinance 2006-09 is attached and contains Exhibit A (a copy of JPA Agreement) and Exhibit B (Draft Implementation Plan). Additionally, Dale Bacigalupi's office has reviewed the documents and given them their approval.

At the study session, scheduled for 5:30, Council will discuss questions and answers that required clarification before moving forward. If you have further questions, David Orth, General Manager of KRCD, will be present to provide answers. Additionally, Roxanne Fong from PG&E may be asked to remain for the 7:30 session, should you have questions still remaining.

Budget Impact:

The \$21,500 contributed by each City and County has gone to fund the Track I items (Appendix B of the MOU), which includes preparation and filing of a CCA Implementation Plan with the California Public Utilities Commission (CPUC). No more funding will be requested from KRCD

until the completed application comes back from the CPUC. It is anticipated that at that time, KRCD will finance the start-up costs (est. @ \$3M) and the parties will repay KRCD these costs through the purchase of electricity. These costs have already been factored into the business model.

Recommendation:

That Council (a) adopt, by motion, Ordinance 2006-09, waiving the first reading and passing to the second reading, approving the San Joaquin Valley Power Authority Joint Powers Agreement and authorizing the submittal of an Implementation Plan for a Community Choice Aggregation Program by the San Joaquin Valley Power Authority and (b) authorize the City Manager to execute the Joint Powers Authority Agreement.