Governing Board and Alternates
Chair: Jennifer Montgomery, County of Placer
Vice Chair: Kim Douglass, City of Colfax
Kirk Uhler, County of Placer
Greg Janda, City of Rocklin
Brian Baker, Town of Loomis
Bridget Powers, City of Auburn
Peter Gilbert, City of Lincoln
Alternate Town of Loomis, Miguel Ucovich
Alternate City of Auburn, Cheryl Maki
Alternate City of Lincoln, Dan Karleskint
Alternate City of Rocklin, Scott Yuill

Governing Board Agenda
November, 2017, 3:00 pm
Placer County Board of Supervisors Chambers
Placer County Administrative Building
175 Fulweiler Avenue, Auburn, CA, 95603

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) **Budget Update and Development of Electric Rate Schedules (p. 1)**
   a) Receive a budget update.
   b) Consider information on the initial electric generation rate structures and provide direction on the development of the rate structures.

4) **§54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
   Property: 2510 Warren Drive, Rocklin (APN 045-021-024)
   Agency Negotiators: Jenine WIndeshausen, Thomas Barrington, Gerald Carden
   Negotiating Parties: Pioneer Community Energy, County of Placer and Hulls Survivor's Trust, Scott Bennett, Colliers International, Broker
   Under Negotiation: Price, terms of payment, or both.

5) **Executive Director's Report (p. 5)**
   a) Receive a report from the Executive Director on various items.
      i) Ratepayer Notices
      ii) Web Site Development
   b) Provide direction and take action as appropriate

8) **Adjournment**

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.

Item 3

TO: The Governing Board

DATE: November 6, 2017

FROM: Jenine Windeshausen, Executive Director

SUBJECT: Budget Update and Development of Electric Generation Rate Schedules

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ACTION REQUESTED

a) Receive a budget update.
b) Consider information on the initial electric generation rate structures and provide direction on the development of the rate structures.

BACKGROUND

On September 11, 2017, your Board approved the Proposed Budget which included provisions for electric generation revenues based on a 5 percent reduction below PG&E rates. Your Board was advised that staff would return to the Board for adoption of the Final Budget after rates had been established, and greater budget certainty was achieved related to energy supply, and compensation costs had been further determined. Today, staff will discuss the updated budget projections outlined under the attached 3 percent discount from PG&E and a 5 percent discount from PG&E scenarios. Staff has updated the budget projections based on a revised February 1, 2018 service date, updated hiring plans, and facility costs.

While, PG&E may change any rate, at any time, it is anticipated that Pioneer will only consider rate changes annually in order to provide a greater level of rate stability. PG&E has approximately 60 different rates in Placer County. At any given time, PG&E can change one or more of these rates. PG&E typically changes its rates several times during the course of a year. Therefore, once Pioneer rates are set, the rate schedule is not likely to remain at a constant percentage below PG&E's rates across the entire Pioneer's rate schedule.

There are several scenarios that your Board may consider in establishing the initial electric generation rates. The first is to set the rate at a 3 percent decrease from PG&E's generation rates and, at a later date, consider a further decrease to 5 percent less than PG&E generation rates. Or, your Board may set the rate at a 5 percent decrease from PG&E's generation rates and, at a later date, raise the rates

to be 3 percent less than PG&E generation rates. After establishing rates, you may also consider holding rates, as PG&E rates float higher.

The trade-offs are between reducing rates and having larger amounts available to more aggressively establish reserves, or increasing investment in programs such as energy efficiency, rebates and economic development incentives. It is recommended that Pioneer, as a start-up organization, place a priority on establishment of reserves.

It is recommended that the annual contribution to reserves be a minimum of 4 percent of gross revenues, until Cash on Hand levels are achieved and adequate Rate Stabilization Funds are established. Staff is continuing to evaluate industry standards and rating agency criteria to develop financial policies for recommendation to the Board. It should also be noted that any programs under the CCA are unidentified and undeveloped at this time.

Staff is seeking final direction on the establishment of electric supply rates, which are the primary revenue source for the CCA (community choice energy) Program. After your Board has determined the level of rates, staff will work to have the rate schedule developed and will return to the Board upon completion of the rate schedule for adoption by your Board.

FISCAL IMPACT

For FY 2017-18 which is based on five full months of operation, the difference between the 3 percent and 5 percent rate reduction is estimated to be $626,110. The FY2018-19 which is based on a full year of operations, the difference between the 3 percent and the 5 percent rate reduction is estimated to be $1,516,878. The amounts are net of debt service and a 4 percent contribution to reserves. It should be noted that debt will be issued to cover certain start-up costs, as well as provide a buffer until reserves levels are established. Therefore, under the 5 percent scenario, the 4 percent contribution to reserves is partially funded by debt.

ATTACHMENTS

Exhibit A 3 Percent Rate Reduction
Exhibit B 5 Percent Rate Reduction

EXHIBIT A

Pioneer Community Energy Program Proposed Operating Budget Fiscal Year July 1,2017 through June 30, 2018				CCE 5-Year Projection at 3% Discount from PG&E Rates				
REVENUES	**CCE**	**mPOWER**	**Total**	**FY-17/18**	**FY-18/19**	**FY-19/20**	**FY-20/21**	**FY-21/22**
Electricity Sales	$ 35,703,144	$ -	$ 35,703,144	$ 30,366,331	$ 73,568,605	$ 75,977,995	$ 79,236,541	$ 82,633,337
Program Income		1,484,948	1,484,948					
Interest Income								
Total Revenues	**$ 35,703,144**	**$ 1,484,948**	**$ 37,188,092**	**$ 30,366,331**	**$ 73,568,605**	**$ 75,977,995**	**$ 79,236,541**	**$ 82,633,337**
EXPENDITURES								
Product								
Energy, Resource Adequacy and Renewables	$ 28,318,762	$ -	$ 28,318,762	$ 23,589,134	$ 58,954,946	$ 61,571,810	$ 64,301,904	$ 67,153,051
Energy Scheduling and Management Services	650,000		650,000	650,000	666,250	682,906	699,979	717,478
Service Fees to PG&E	266,196		266,196	221,738	549,353	568,743	588,792	609,547
Product Subtotal	**$ 29,234,958**	**$ -**	**$ 29,234,958**	**$ 24,460,872**	**$ 60,170,549**	**$ 62,823,459**	**$ 65,590,675**	**$ 68,480,076**
Staffing								
Salaries	$ 1,493,603	$ 525,795	$ 2,019,398	$ 696,634	$ 1,872,455	$ 1,919,266	$ 1,967,247	$ 2,016,429
Employee Benefits	391,404	171,112	562,516	246,075	490,683	502,950	515,524	528,412
Staffing Subtotal	**$ 1,885,007**	**$ 696,907**	**$ 2,581,914**	**$ 942,709**	**$ 2,363,138**	**$ 2,422,216**	**$ 2,482,771**	**$ 2,544,841**
Outreach and Communications								
Printing and Postage	$ 382,528	$ 20,500	$ 403,028	$ 382,528	$ 473,040	$ 473,040	$ 484,866	$ 496,988
Other	45,000	28,500	73,500	45,000	35,875	36,772	37,691	38,633
Outreach and Communications Subtotal	**$ 427,528**	**$ 49,000**	**$ 476,528**	**$ 427,528**	**$ 508,915**	**$ 509,812**	**$ 522,557**	**$ 535,621**
Customer Service and Billing	**$ 507,606**	**$ -**	**$ 507,606**	**$ 456,655**	**$ 1,228,447**	**$ 1,240,788**	**$ 1,284,526**	**$ 1,329,806**
General and Administration	**$ 644,554**	**$ 91,328**	**$ 735,882**	**$ 620,119**	**$ 406,447**	**$ 415,969**	**$ 425,722**	**$ 435,715**
Professional Services	**$ 1,163,909**	**$ 197,713**	**$ 1,361,622**	**$ 1,163,909**	**$ 1,232,921**	**$ 1,263,744**	**$ 1,295,338**	**$ 1,327,722**
Programs								
Program Development, Evaluation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Implemented Programs	-	-	-	-	-	-	-	-
Programs Subtotal	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures	**$ 33,863,562**	**$ 1,034,948**	**$ 34,898,510**	**$ 28,071,792**	**$ 65,910,417**	**$ 68,675,988**	**$ 71,601,589**	**$ 74,653,781**
Revenues Less Expenditures	**$ 1,839,582**	**$ 450,000**	**$ 2,289,582**	**$ 2,294,539**	**$ 7,658,188**	**$ 7,302,007**	**$ 7,634,952**	**$ 7,979,556**
OTHER USES								
Debt Service	**$ 899,285**	**$ 450,000**	**$ 1,349,285**	**$ 899,285**	**$ 1,924,041**	**$ 1,924,041**	**$ 1,924,041**	**$ 1,875,153**
Contribution to Reserves	**$ 940,297**	**$ -**	**$ 940,297**	**$ 1,214,653**	**$ 3,051,543**	**$ 3,151,482**	**$ 3,286,642**	**$ 3,427,538**
Total Expenditures and Other Uses	**$ 35,703,144**	**$ 1,484,948**	**$ 37,188,092**	**$ 30,185,730**	**$ 70,886,001**	**$ 73,751,511**	**$ 76,812,272**	**$ 79,956,472**
FUND BALANCE								
Beginning Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ 180,601**	**$ 2,863,205**	**$ 5,089,689**	**$ 7,513,958**
Net Increase (Decrease) in Fund Balance	-	-	-	180,601	2,682,604	2,226,484	2,424,269	2,676,865
ENDING FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ 180,601**	**$ 2,863,205**	**$ 5,089,689**	**$ 7,513,958**	**$ 10,190,823**
Funds Held in Reserves -- Annual	$ 940,297			$ 1,214,653	$ 3,051,543	$ 3,151,482	$ 3,286,642	$ 3,427,538
Annual Reserves as a % of Revenue	2.63%			4.00%	4.15%	4.15%	4.15%	4.15%
Funds Held in Reserves -- Cumulative	$ 940,297			$ 1,214,653	$ 3,991,840	$ 7,143,322	$ 10,429,964	$ 13,857,502
Cumulative Reserves as a % of Revenue	2.63%			4.00%	5.43%	9.40%	13.16%	16.77%
OpEx	40.00%			$ 11,228,717	$ 26,364,167	$ 27,470,395	$ 28,640,636	$ 29,861,512
COH	180			$ 13,843,623	$ 32,503,767	$ 33,867,611	$ 35,310,373	$ 36,815,563
$ Value of 2% Discount from PG&E Differential				$ 626,110	$ 1,516,878	$ 1,266,556	$ 1,633,743	$ 1,703,780

EXHIBIT B

Pioneer Community Energy
Program Proposed Operating Budget
Fiscal Year July 1,2017 through June 30, 2018

CCE 5-Year Projection
at 5% Discount from PG&E Rates

REVENUES	CCE	mPOWER	Total	FY-17/18	FY-18/19	FY-19/20	FY-20/21	FY-21/22
Electricity Sales	$ 35,703,144	$ -	$ 35,703,144	$ 29,740,221	$ 72,051,727	$ 74,711,439	$ 77,602,798	$ 80,929,557
Program Income		1,484,948	1,484,948					
Interest Income								
Total Revenues	**$ 35,703,144**	**$ 1,484,948**	**$ 37,188,092**	**$ 29,740,221**	**$ 72,051,727**	**$ 74,711,439**	**$ 77,602,798**	**$ 80,929,557**
EXPENDITURES								
Product								
Energy, Resource Adequacy and Renewables	$ 28,318,762	$ -	$ 28,318,762	$ 23,589,134	$ 58,954,946	$ 61,571,810	$ 64,301,904	$ 67,153,051
Energy Scheduling and Management Services	650,000		650,000	650,000	666,250	682,906	699,979	717,478
Service Fees to PG&E	266,196		266,196	221,738	549,553	568,743	588,792	609,547
Product Subtotal	**$ 29,234,958**	**$ -**	**$ 29,234,958**	**$ 24,460,872**	**$ 60,170,749**	**$ 62,823,459**	**$ 65,590,675**	**$ 68,480,076**
Staffing								
Salaries	$ 1,493,603	$ 525,795	$ 2,019,398	$ 696,634	$ 1,872,455	$ 1,919,266	$ 1,967,247	$ 2,016,429
Employee Benefits	391,404	171,112	562,516	246,075	490,683	502,950	515,524	528,412
Staffing Subtotal	**$ 1,885,007**	**$ 696,907**	**$ 2,581,914**	**$ 942,709**	**$ 2,363,138**	**$ 2,422,216**	**$ 2,482,771**	**$ 2,544,841**
Outreach and Communications								
Printing and Postage	$ 382,528	$ 20,500	$ 403,028	$ 382,528	$ 473,040	$ 473,040	$ 484,866	$ 496,988
Other	45,000	28,500	73,500	45,000	35,875	36,772	37,691	38,633
Outreach and Communications Subtotal	**$ 427,528**	**$ 49,000**	**$ 476,528**	**$ 427,528**	**$ 508,915**	**$ 509,812**	**$ 522,557**	**$ 535,621**
Customer Service and Billing	**$ 507,606**	**$ -**	**$ 507,606**	**$ 456,655**	**$ 1,228,447**	**$ 1,240,788**	**$ 1,284,526**	**$ 1,329,806**
General and Administration	**$ 644,554**	**$ 91,328**	**$ 735,882**	**$ 620,119**	**$ 406,447**	**$ 415,969**	**$ 425,722**	**$ 435,715**
Professional Services	**$ 1,163,909**	**$ 197,713**	**$ 1,361,622**	**$ 1,163,909**	**$ 1,232,921**	**$ 1,263,744**	**$ 1,295,338**	**$ 1,327,722**
Programs								
Program Development, Evaluation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Implemented Programs	-	-	-	-	-	-	-	-
Programs Subtotal	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures	**$ 33,863,562**	**$ 1,034,948**	**$ 34,898,510**	**$ 28,071,792**	**$ 65,910,617**	**$ 68,675,988**	**$ 71,601,589**	**$ 74,653,781**
Revenues Less Expenditures	**$ 1,839,582**	**$ 450,000**	**$ 2,289,582**	**$ 1,668,429**	**$ 6,141,110**	**$ 6,035,451**	**$ 6,001,209**	**$ 6,275,776**
OTHER USES								
Debt Service	**$ 899,285**	**$ 450,000**	**$ 1,349,285**	**$ 899,285**	**$ 1,924,041**	**$ 1,924,041**	**$ 1,924,041**	**$ 1,875,153**
Contribution to Reserves	**$ 940,297**	**$ -**	**$ 940,297**	**$ 1,189,609**	**$ 3,051,543**	**$ 3,151,482**	**$ 3,286,642**	**$ 3,427,538**
Total Expenditures and Other Uses	**$ 35,703,144**	**$ 1,484,948**	**$ 37,188,092**	**$ 30,160,686**	**$ 70,886,201**	**$ 73,751,511**	**$ 76,812,272**	**$ 79,956,472**
FUND BALANCE								
Beginning Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ (420,465)**	**$ 745,061**	**$ 1,704,989**	**$ 2,495,515**
Net Increase (Decrease) in Fund Balance	-	-	-	(420,465)	1,165,526	959,928	790,526	973,085
ENDING FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ (420,465)**	**$ 745,061**	**$ 1,704,989**	**$ 2,495,515**	**$ 3,468,600**
Funds Held in Reserves -- Annual	$ 940,297			$ 1,189,609	$ 3,051,543	$ 3,151,482	$ 3,286,642	$ 3,427,538
Annual Reserves as a % of Revenue	2.63%			4.00%	4.24%	4.22%	4.24%	4.24%
Funds Held in Reserves -- Cumulative	$ 940,297			$ 1,189,609	$ 3,991,840	$ 7,143,322	$ 10,429,964	$ 13,857,502
Cumulative Reserves as a % of Revenue	2.63%			4.00%	5.54%	9.56%	13.44%	17.12%
OpEx	40.00%			$ 11,228,717	$ 26,364,247	$ 27,470,395	$ 28,640,636	$ 29,861,512
COH	180			$ 13,843,623	$ 32,503,866	$ 33,867,611	$ 35,310,373	$ 36,815,563

Item 5

TO: The Governing Board

DATE: November 6, 2017

FROM: Jenine Windeshausen, Executive Director

SUBJECT: Executive Director's Report

ACTION REQUESTED
Receive a report from the Executive Director on various items.

BACKGROUND
The Executive Director will provide an update on the following items:

1. Ratepayer Notices
2. Web Site Development

FISCAL IMPACT
None

FINAL DRAFT

December 2017

Your electricity service is about to get less expensive!

Pioneer Community Energy (Pioneer) will soon be your official electricity provider, bringing you rates lower than PG&E. *Pioneer* services homes and businesses throughout Placer County, including the cities of Rocklin, Lincoln, Auburn, Colfax, the Town of Loomis and the unincorporated area of Placer County.

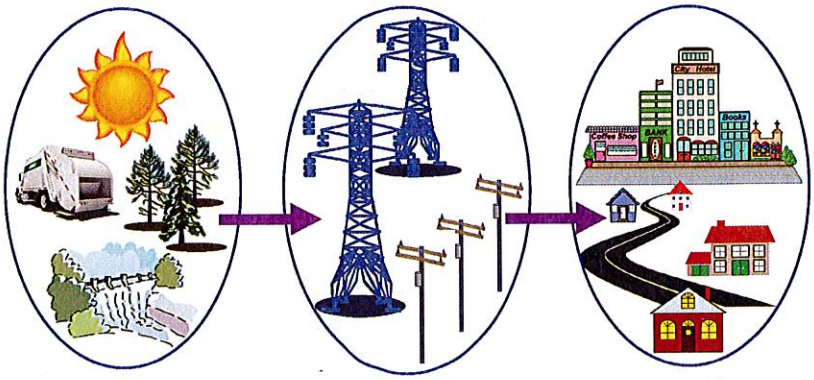
Pioneer is a partnership between Placer County, the cities of Rocklin, Lincoln, Auburn, Colfax, and the Town of Loomis. There are no shareholders, so savings and investments can be made in our local communities to keep rates low and to develop in local electricity projects.

We are bringing the public the opportunity to contribute to the decisions about electricity rates and programs through open meetings governed by a board of locally elected officials, who will provide local control over our electricity supply based on local goals and priorities.

PG&E will continue to provide transmission and delivery of the electricity provided by *Pioneer*. You will continue to receive the same reliable transmission service from PG&E, who will continue to own, operate, repair and service the poles and wires. PG&E will also continue to provide gas services.

You don't need to do anything to become a customer of *Pioneer* and take advantage of the new lower rates. In February 2018, you will be automatically enrolled as a customer of *Pioneer.* You will continue to receive a single bill from PG&E with *Pioneer's* electric generation charges replacing the PG&E generation charges on your bill.

You can choose to remain with PG&E. Simply, call, email or send a letter to *Pioneer,* and provide your PG&E account number. Call *Pioneer* at *1-844-YES-PIONEER(1-844-937-7466)*, or *www.pioneercommunityenergy.ca.gov.*



Pioneer Community Energy Supplies Electricity — *PG&E Delivers Electricity* — *You Use the Electricity*

Pioneer customers benefit from:

Competitive Rates. Initial electricity rates are expected to be between 3 and 5 percent lower than they are now.

Local Control. We now have a voice in our electricity supply. Locally elected representatives control *Pioneer's* electricity decisions, not a distant and unseen board of directors acting on behalf of shareholders.

Community Investment. Pioneer does not use taxpayer dollars. It reinvests in our communities by providing competitive and stable rates, creating jobs by supporting local electric projects and fostering new ones, and by expanding energy savings programs.

PIONEER
COMMUNITY ENERGY

Fair and equal access to Pioneer:

To ensure that all ratepayers have the opportunity to receive the benefits provided by *Pioneer*, state law requires everyone to be converted to *Pioneer*. You may choose to receive the benefits of *Pioneer* or to remain with PG&E. Now, or at any time in the future, you can choose to keep PG&E's generation service by calling *Pioneer 1-844-YES-PIONEER (1-844-937-7466)* or visiting: *www.pioneercommunityenergy.ca.gov*. Please have your PG&E account number on hand to complete your request.

Special Rates and Programs

Discount rates — If you currently receive financial assistance on your PG&E bill through CARE (California Alternate Rates for Energy), FERA (Family Electric Rate Assistance) and/or a Medical Baseline Allowance, you will continue to receive your discounts with *Pioneer*. There's no need to reapply for these programs, or to take any further action.

Balanced Payment Plan (BPP) — Your PG&E gas and electric delivery charges will continue to be billed through the Balanced Payment Plan with *Pioneer*. However, your *Pioneer* electric generation charges will not be included in your BPP calculation and will be billed separately. As a result, your total charges will vary from month–to–month.

SmartRate — PG&E does not currently allow *Pioneer* customers to participate in this program. As a result, if you start service with Pioneer, your account will be removed from SmartRate. To keep your current SmartRate plan, you will need to opt out of *Pioneer Community Energy* by phone at *1-844-YES-PIONEER (1-844-937-7466)* or online at *www.pioneercommunityenergy.ca.gov*. Please have your PG&E account number ready to process your request.

Services Provided	Today	Under Pioneer
Electricity Transmission	✓	✓
Electricity Distribution	✓	✓
Meter reading	✓	✓
Billing	✓	✓
eBills	✓	✓
Automated Payment plan Services	✓	✓
Maintenance	✓	✓
Outage response services	✓	✓
Energy efficiency rebates	✓	✓
California Alternative Rates for Energy (CARE)	✓	✓
Medical baseline	✓	✓
Balanced payment plans	✓	✓
Net metering	✓	✓
California Solar Initiative	✓	✓
Residential Smart Rate	✓	
Solar Choice	✓	

Source: PG&E Community Choice Aggregation FAQ

Remember – you do not have to do a thing to take advantage of *Pioneer's* lower rates and programs. To keep PG&E's generation service, call *Pioneer* at *1-844-YES-PIONEER (1-844-937-7466)* or visit: *www.pioneercommunityenergy.ca.gov*. Please have your PG&E account number on hand to complete your request. Look for more information about *Pioneer Community Energy* coming soon.

Sincerely,

Pioneer Community Energy
A community partnership of:

ROCKLIN
CALIFORNIA