



Alternative Governance and Electrical Services Study – Imperial Irrigation District *NOVEMBER 30, 2023*

PREPARED FOR:
RIVERSIDE AND IMPERIAL COUNTY LOCAL
AGENCY FORMATION COMMISSIONS



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LIST OF APPENDICES

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LIST OF ABBREVIATIONS AND ACRONYMS

AB	Assembly Bill
Act	Local Government Reorganization Act
AD	Assembly Districts
APPA	American Public Power Association
BCPA	Boulder Canyon Project Act
CAISO	California Independent System Operator
CCA	Community Choice Aggregators
CCSC	Cove Communities Services Commission
CEPC	California Electric Power Company
CFC	Cooperative Finance Corporation
CIP	Capital Improvement Program
CFD	Community Finance District
Co-op	Electric Cooperative
CPUC	California Public Utilities Commission
CV	Coachella Valley
CVAG	Coachella Valley Association of Governments
CVEC	Coachella Valley Energy Commission
CVWD	Coachella Valley Water District
CWC	California Water Code
EPA	Environmental Protection Agency
ESP	Electric Service Providers
IID	Imperial Irrigation District
IOU	Investor-Owned Utility
JFA	Joint Financing Authority
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
MW	Megawatts
NRECA	National Rural Electric Co-op Association
O&M	Operation and Maintenance
PFA	Public Financing Authority
PUD	Public Utility District
REA	Rural Electrification Administration
REOZ	Renewable Energy Overlay Zone
RUS	Rural Utility Services
SB	Senate Bill

SCAG	Southern California Association of Governments
Study	Alternative Governance Structures and Alternative Electricity Service Provision Study
SWRCB	State Water Resource Control Board
WECC	Western Electricity Coordination Council

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EXECUTIVE SUMMARY



The following effort was developed in accordance with the Riverside and Imperial Local Agency Formation Commissions special studies contract for the development of an “Alternative Governance Structures and Alternative Electricity Service Provisions: Imperial Irrigation District”, sponsored by the California State Water Resources Control Board, Study Grant Agreement No. D2118003

ES.1 Introduction

Imperial Irrigation District (IID) was established in 1911 pursuant to the Irrigation District Law (California Water Code sections 20500 et. Seq.). Over the years, the district has expanded its services to become the primary electricity provider for Imperial County, as well as portions of Riverside and San Diego counties. The jurisdictional boundary, or legal boundary for IID encompasses all Imperial County. The District also provides electricity service to areas outside of their jurisdictional boundary to customers in the cities of Indio, Coachella, La Quinta, and portions of Palm Desert, Rancho Mirage, Indian Wells and several communities in unincorporated areas of the Coachella Valley, located in Riverside County.



Since 1943, IID has been providing electricity service to areas outside of its jurisdictional boundary. Today, IID is responsible for an annual operating budget of approximately \$520 million, managing and operating over 1.2 gigawatts (GW) of energy generation facilities and power purchases, 20 megawatts (MW) of energy storage facilities, 1,800 miles of energy transmission lines, over 125 substations, and approximately 6,150 miles of distribution lines across a 6,800 square mile service territory.

\$520 M

ANNUAL OPERATING
BUDGET

1.2 GW

OF ENERGY GENERATION
FACILITIES

20 MW

OF ENERGY STORAGE
FACILITIES

1,800

MILES OF ENERGY
TRANSMISSION LINES

125

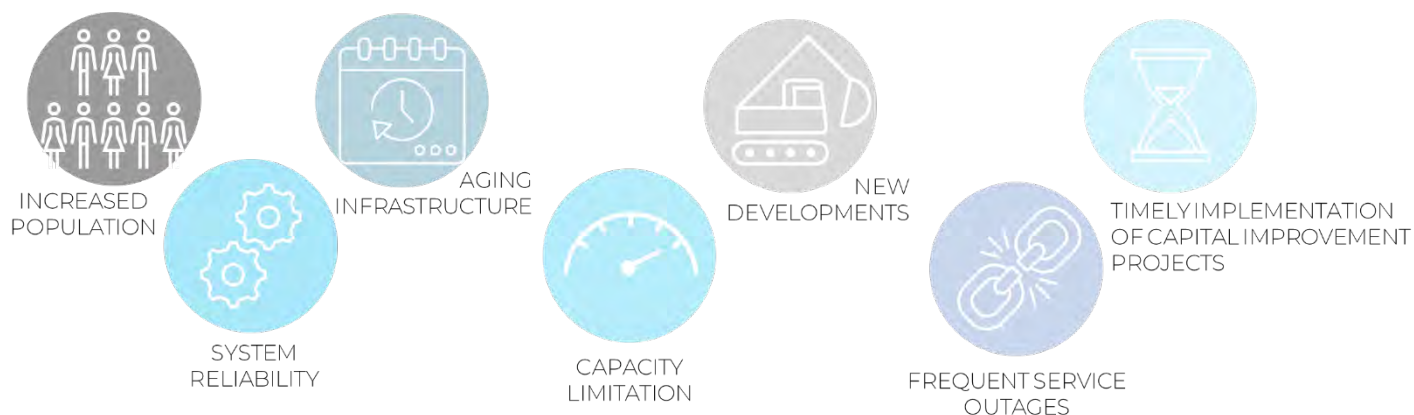
SUBSTATIONS

6,150

MILES OF DISTRIBUTION
LINES ACROSS A 6,800
SQUARE MILE SERVICE
TERRITORY

IID's Board of Directors is comprised of five officials who are elected by registered voters from geographic divisions within the district's jurisdiction boundary, which is limited to Imperial County. Since the IID's jurisdictional boundary does not extend into Riverside County, Riverside County registered voters are ineligible to serve on IID's Board of Directors, nor are they eligible to vote in IID elections. Over the years, conditions have changed, and the electrical service requirements have evolved for IID's Coachella Valley electrical service territory.

TOP CONCERNS FOR COACHELLA VALLEY STAKEHOLDERS



Increasing population, system reliability, aging infrastructure, capacity limitations, new development, frequent service outages, and questions regarding timely implementation of capital improvements are among the top concerns and has driven the desire for Coachella Valley stakeholders to obtain representation on IID's Board to provide oversight on electrical service provisions for Coachella Valley customers.

Today, the Coachella Valley service territory of IID represents over

60%

of IID's rate-paying population

With the expiration of Section 17, Lease of Power Rights, of the 1934 Agreement of Compromise nearing, local officials have begun to weigh options and discuss the outlook of electricity service and ability for the Coachella Valley to obtain local control and representation on electrical service matters. Regardless of the conditions set in the 1934 Agreement of Compromise, Coachella Valley residents can decide if they would like IID to continue service or explore an alternative service and governance structure.

ES.2 Study Objective

The scope of the Study is to evaluate potential alternative electrical service governance structures for stakeholders' consideration, specifically concerning IID's extended electrical service territory in the Coachella Valley. The Study provides an analysis of alternative options for future governance, including proportional representation of Riverside County electricity customers being served by IID and options for future electrical service provision by alternative utility structures, in the case residents in the Coachella Valley decide to discontinue electricity service with IID.



Goal and Objective

The Study is to review the current conditions relative to the electricity service provisions provided by IID and address the following requirements:

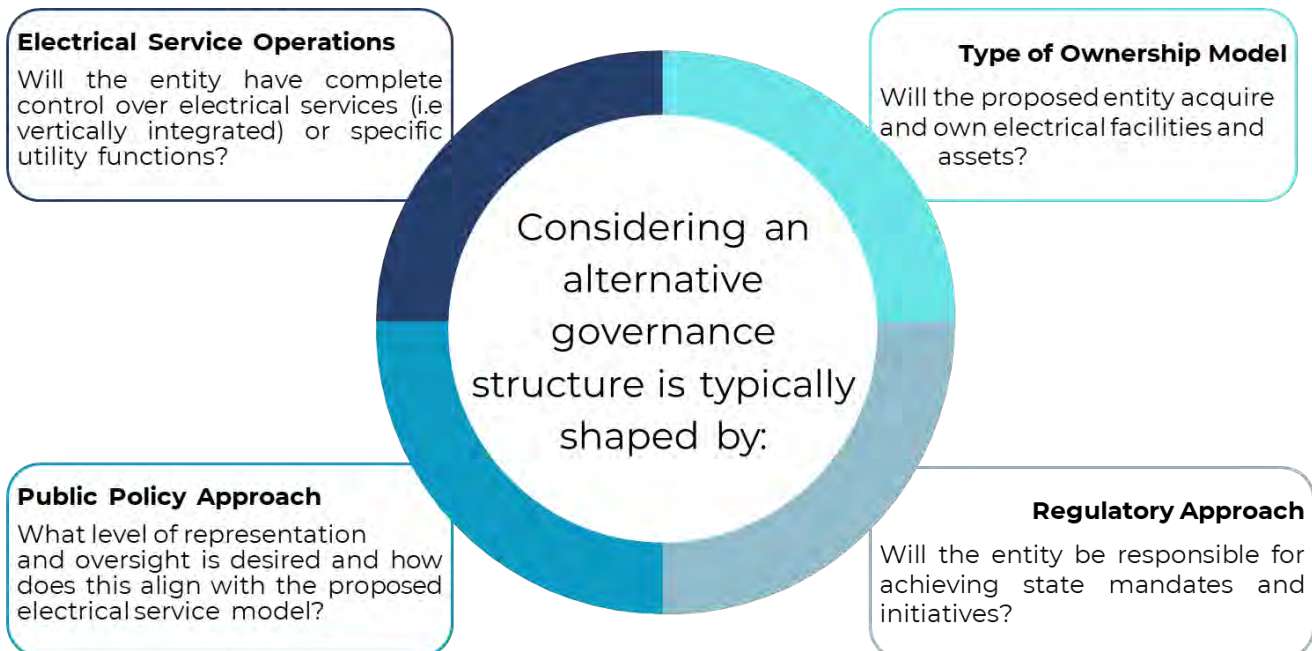
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Options for providing continued publicly and/or independent system operator owned and managed electrical service in perpetuity to Imperial Irrigation District electrical service area customers both prior to and after, the expiration of the 99-year lease for power rights made between the Imperial Irrigation District and the Coachella Valley Water District in 1934.

02

Options for alternative governance structures that would extend voting rights to registered voters residing within the Imperial Irrigation District's electrical service area, allowing for proportional representation on a governing board that will have primary jurisdiction on all electrical service matters. Any findings will not affect the water service area boundaries or water rights management, which remain the sole responsibility of IID's current board of directors.

The Study focuses on identifying a variety of utility ownership and governance structures that policy makers and stakeholders can consider when evaluating the current IID electricity service structure and provisions for the Coachella Valley service territory. To ensure maximum benefit in both service territories, the Study established foundational objectives to aid in the review and consideration of alternative options.



ES.3 Study Approach and Methodology

The Study is based on an extensive review of background documents, including IID's 2018 Integrated Resources Plan, Service Area Plan, and material presented at the Coachella Valley Energy Commission (CVEC). The primary source of information for the development of the Study and alternative options was obtained through discussions conducted with key stakeholders as part of the study's outreach effort.

Over the course of developing the Study, extensive stakeholder outreach was conducted and included individual discussions with IID staff, CVWD, Cities within the Coachella Valley, Tribal Nations, Riverside and Imperial Counties, and a general session with over ten different local government and special interest groups. Additional information about key stakeholders who played a vital role in the development of the evaluation criteria can be found in Section 3, which established foundational objectives that provide insight to how well each alternative option performs against the status quo and align with local interests. This approach defined criteria based on stakeholder input and provides for a locally derived set of criteria that can be used to evaluate and compare alternative options. More information on foundational objectives can be found in Section 6.



Several attempts over the years, including AB 854 introduced in 2019, have been unsuccessful in providing representation for Coachella Valley customers. In attempt to address this, the Study will:

- Identify practical alternatives to enable stakeholders to further develop and advance implementation.
- Determine foundational differences between service and governance structure options.
- Highlight the interaction between the level of utility responsibility (operating and managing electrical services) and the corresponding degree of representation, i.e., the degree of representation would be equivalent to the amount of control and market risk of the proposed utility.
- Assess each alternative option against criteria that has been established by local stakeholders.

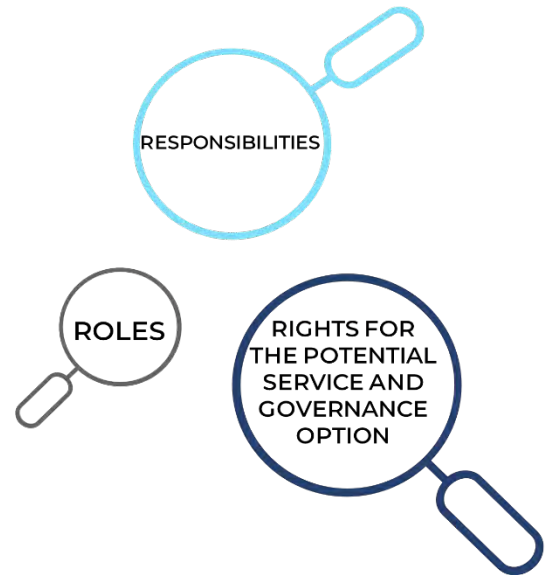
After stakeholders determine the appropriate service and governance approach, the next task is to determine roles, responsibilities, and rights for the alternative option under consideration.

The scope of this Study is limited to only identifying alternative service and governance structures for the Coachella Valley service territory.

ES.4 Summary of Findings

Section 7 presents the findings of this Study. The conclusion as to whether IID should continue to serve as the electrical service provider for the Coachella Valley territory depends on the analysis of how well the proposed alternative options match the appropriate scale and ambitions within the service territory, stakeholder needs, and potential to improve the status quo.

To determine which alternative option best suits the needs of the Coachella Valley, stakeholders must first identify the desired roles, responsibilities, and rights for the potential service and governance option. Since existing regulations and underlying objectives within the service territory may vary, stakeholders could likely have differing perspectives on which option is more suitable for implementation. Therefore, it is critical for stakeholders in the Coachella Valley to identify the foundational objectives that are common and core, regardless of the alternative option under consideration. Based on the findings, there are several alternative service and governance options that support many of the foundational objectives.



Foundational Objectives	Service Alternative Option No. 1 - IID continues to provide electrical service to Coachella Valley				Service Alternative Option No. 2 - IID continues to provide electrical service to Coachella Valley			
	Option 1.1: IID continues to provide electrical service to Coachella Valley	Option 1.2: IID continues to provide electrical service to Coachella Valley	Option 1.3: IID continues to provide electrical service to Coachella Valley	Option 1.4: IID continues to provide electrical service to Coachella Valley	Option 2.1: IID continues to provide electrical service to Coachella Valley	Option 2.2: IID continues to provide electrical service to Coachella Valley	Option 2.3: IID continues to provide electrical service to Coachella Valley	Option 2.4: IID continues to provide electrical service to Coachella Valley
Public safety and security								
Reliability and quality of service								
Financial viability								
Customer satisfaction								
Environmental protection								
Community development								
Energy efficiency								
Renewable energy								
Grid modernization								
Regulatory compliance								
Transparency and accountability								
Stakeholder engagement								
Legal and regulatory compliance								
Financial performance								
Operational performance								
Customer service								
Employee satisfaction								
Health and safety								
Environmental stewardship								
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Operational performance								
Customer service								
Employee satisfaction								
Health and safety								
Environmental stewardship								
Community engagement								
Regulatory compliance								

TOP TWO ALTERNATIVE OPTIONS WITH THE HIGHEST RANKING INCLUDED:



Option 1.D

JOINT POWERS AUTHORITY

Option 2.B

FORM A NEW PUBLICLY OWNED UTILITY



Based on the two highest ranked alternative options, the following foundational objectives were identified as the most important among the stakeholders when considering further evaluation of each proposed option:

- A Governance Structure Uncomplicated to Implement
- Ability to Achieve Vertically Integrated Utility Status
- Ability to Adapt to Future Changes and Responsibilities

If the desire among Coachella Valley stakeholders is to pursue an alternative option that is uncomplicated, efficient to implement, flexible and adaptable going forward, ***then Option 1.D should be further developed and pursued as it addressed these objectives the greatest and maximizes alignment with local priorities.*** It should be noted that alternative options are not exclusive and therefore, a combination of options can be pursued, i.e. forming a Joint Powers Authority (JPA) with individual members, IID, and potentially a new publicly owned utility; or establishing a JPA and forming a Community Choice Aggregator (CCA).

At the conclusion of the study's outreach effort, it was uncertain what Coachella Valley stakeholders desire regarding service responsibilities and, therefore, stakeholders must continue to collaborate to identify and determine their local and regional priorities prior to concluding which alternative option, or options to pursue. To assist, Section 7 provides a summary of suggested next steps, key determinations, and policies that stakeholders should address prior to concluding which alternative governance and service option to pursue. A summary of actions is also provided in Section 7, Table 7-4.

Based on the required actions to form and implement each of the highest ranked alternatives, Option 1.D: Joint Powers Authority, is validated as being the easiest alternative option to pursue and most cost-effective at this time. Based on feedback received from Coachella Valley stakeholders, cost-effectiveness has been initially defined as:

- Established Criteria for Defining a Cost- Effective Alternative: Consists of an alternative option that would create a financing mechanism that is equitable, allows for increased system reliability and capacity to sustain economic growth and development without *incurring* excessive inherent risk associated with operating and managing electrical services.

JPA's can be formed under two different arrangements:

- Public agencies to contract to jointly exercise common powers,
- Public agencies to form a separate legal entity.

The ultimate type of JPA arrangement will be dependent on Coachella Valley's desire to secure electricity service responsibility. Initially, parties can implement a JPA with IID in an arrangement similar to the Indio-IID JPA (with exception, by having additional conditions specific to greater oversight by Coachella Valley members), then potentially expanded by forming a CCA to secure local control over generation and power procurement, then further expanded by increasing service responsibilities and territory by establishing a publicly owned utility, with or without IID electricity provisions for the Coachella Valley. This alternative option provides maximum flexibility and allows members to establish different degrees of local control based on each party's ambition to pursue an alternative electrical service and governance structure.

SECTION 1

ROLE OF THE LOCAL AGENCY FORMATION COMMISSION



ROLE OF THE LOCAL AGENCY FORMATION COMMISSION

The Riverside County Local Agency Formation Commission (Riverside LAFCO) and the Imperial County Local Agency Formation Commission (Imperial LAFCO) are jointly referred to as the Riverside and Imperial LAFCOs throughout this document. The Riverside and Imperial LAFCOs are responsible for conducting periodic reviews of public service providers per to the Cortese- Knox-Hertzberg Local Government Reorganization Act of 2000 (Act). Under the Act, each LAFCO is required to initiate and make studies of existing governmental agencies, including, but not limited to, studies to determine each local agency's maximum service area and service capacities.

In September 2021, Assembly Bill 1021 (AB 1021, Mayes. Imperial Irrigation District) was introduced and ultimately vetoed. However, because state funding was included as part of 2021 Budget Act, the study referenced in AB 1021 was allowed to proceed. Thus, the study parameters included in AB 1021 established the scope and basis of evaluation for the proposed study. In response, the Riverside and Imperial LAFCO's were selected to conduct and publish a joint study regarding options for providing continued publicly owned and managed electrical service to the Imperial Irrigation District's electrical service area. Further, this joint study is to evaluate existing electrical service provisions, and to evaluate alternative governance structures that would provide for proportional representation on a governing board with primary jurisdiction over electrical service

matters for IID electricity customers located in the Coachella Valley. In response to this requirement, the Riverside and Imperial LAFCOs initiated the preparation of an "Alternative Governance Structures and Alternative Electricity Service Provision" study (Study).



The Riverside and Imperial LAFCOs are responsible for providing notice and distributing materials relating to this Study; interested parties can find more information at the respective LAFCO websites. Public hearings will be held during review process and prior to the release of the final Study, and the public review period will allow all stakeholders, the Riverside and Imperial LAFCOs, and the general public to review and provide comments on the Public Draft Study. The public review period commenced March 31, 2023, and extended to October 15, 2023. A total of 13 comment letters were received and are summarized below and included in Appendix D.

- August 3, 2023: Electric Ratepayer Alliance
- August 8, 2023: Coachella Valley Water District

- August 23, 2023: Coachella Valley Energy Commission
- August 30, 2023: Imperial Irrigation District
- August 30, 2023: City of La Quinta
- August 30, 2023: County of Riverside
- October 3, 2023: Leadership Counsel for Justice and Accountability
- October 5, 2023: City of Indio
- October 12, 2023: City of Coachella
- October 13, 2023: Coachella Valley Energy Commission
- October 13, 2023: Twenty-Nine Palms Band of Mission Indians
- October 15, 2023: County of Riverside Customer
- October 15, 2023: County of Riverside Customer



SECTION 2

OVERVIEW OF THE ELECTRICAL SERVICE FOR THE COACHELLA VALLEY



OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY

Coachella Valley, situated in the Colorado Desert of California, spans from the Salton Sea to Riverside County in the northwest. It extends southeast from the San Geronio Pass to the northern shoreline of the Salton Sea, encompassing portions of Imperial County. It is bounded by the San Bernardino and Little San Bernardino Mountains on the northeast, and by the San Jacinto and Santa Rosa Mountains on the southwest. Within Coachella Valley, there are nine incorporated cities and several unincorporated communities. According to the 2020 Census, the total population in Coachella Valley was 370,135 individuals. The population is summarized by incorporated area in Table 2-1. An overview of cities located in the Coachella Valley and incorporated areas is presented on Figure 2-1.

TABLE 2-1 – INCORPORATED CITIES IN COACHELLA VALLEY AND CITY POPULATIONS

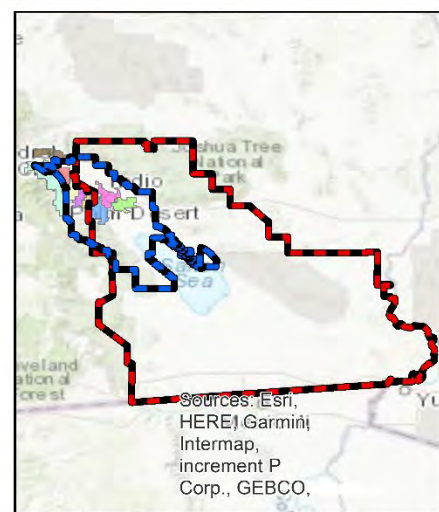
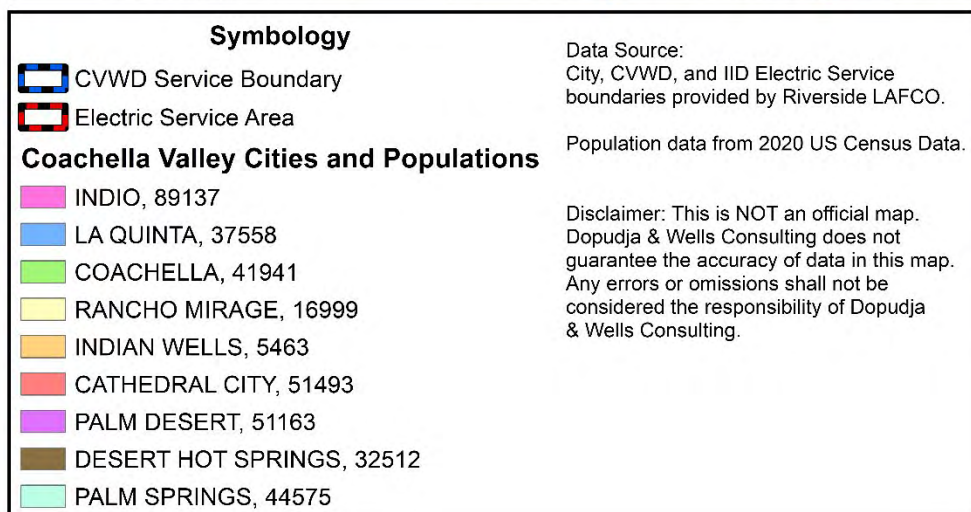
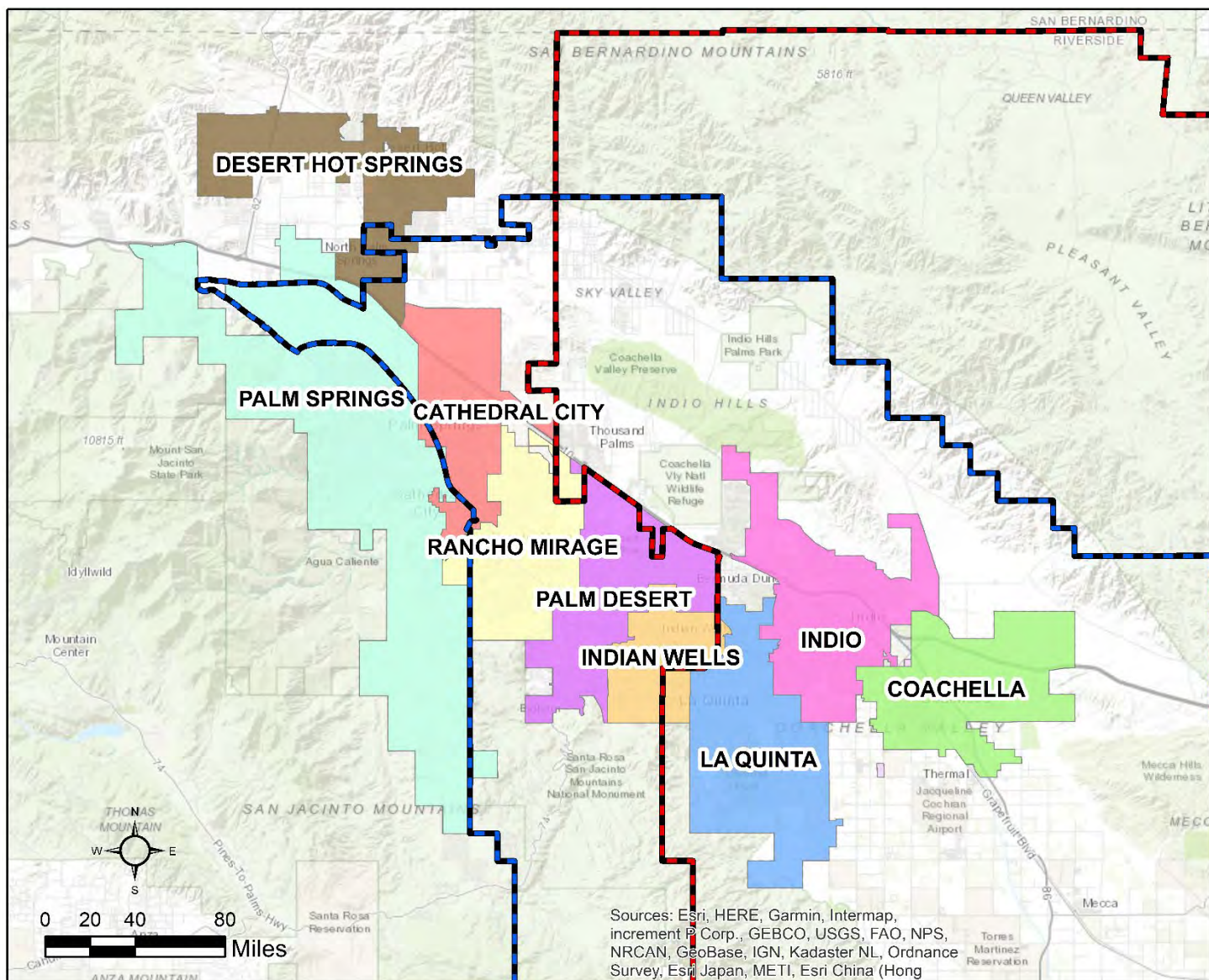
City	Population (2020 Census)
Indio	89,137
La Quinta	37,558
Coachella	41,941
Rancho Mirage	16,999
Indian Wells	5,463
Palm Desert	51,163
Palm Springs ¹	44,575
Desert Hot Springs ¹	32,512
Cathedral City ¹	51,493

Notes:

(1) Located in Coachella Valley, but not within IID's extended electrical service territory.



FIGURE 2-1– INCORPORATED CITIES WITHIN COACHELLA VALLEY



The Coachella Valley is also home to several unincorporated areas and towns including Cabazon, Bermuda Dunes, and Thousand Palms, which are located in the east end of the valley. The northern part of the valley includes Indio Hills, Sky Valley, North Palm Springs, and Garnet. In the southeast, there are Thermal, Vista Santa Rosa, Oasis, and Mecca. The native Cahuilla tribe is represented in the area by the Cabazon Band of Mission Indians, Twentynine Palms Band of Mission Indians, Augustine Band of Cahuilla Indians, and the Torres-Martinez Band of Cahuilla Indians, all of whom have reservations in the region.

The portion of IID's service territory in the Coachella Valley encompasses customers in several cities, as well as a number of communities located in unincorporated areas of Riverside County, also including Salton Sea, North Shores, Chiriaco Summit, and Joshua Tree National Park. A summary of communities located in Riverside County that receive electrical service from IID is provided in Table 2-2 below.



TABLE 2-2 –SUMMARY OF RIVERSIDE COMMUNITIES AND COMMUNITY STATUS

Riverside County Communities that Receive Electricity Service from IID	Community Status
City of Indio	Incorporated City
City of La Quinta	Incorporated City
City of Coachella	Incorporated City
City of Rancho Mirage	Incorporated City
City of Indian Wells	Incorporated City
City of Palm Desert	Incorporated City
City of Desert Hot Springs	Incorporated City
Indio Hills District Community	CDP/ Unincorporated ¹
Mecca District Community	CDP/ Unincorporated ¹
Sky Valley District Community	CDP/ Unincorporated ¹
Thermal District Community	CDP/ Unincorporated ¹
Thousand Palms District Community	CDP/ Unincorporated ¹
Bermuda Dunes District Community	CDP/ Unincorporated ¹
Cabazon Band of Mission Indians	Indian Reservation
Augustine Band of Cahuilla Indians	Indian Reservation
Torres-Martinez Band of Cahuilla Indians	Indian Reservation
Twentynine Palms Band of Mission Indians	Indian Reservation

Note:

CDPs are a statistical geography representing closely settled, unincorporated communities that are locally recognized and identified by name. The purpose of CDPs is to provide meaningful statistics for well-known, unincorporated communities.

2.1 History of IID's Extended Service Territory

IID was established in 1911 pursuant to the Irrigation District Law (California Water Code sections 20500 et seq.). Throughout the 1920's, the source of power to Imperial County was approximately 400 miles away at hydroelectric installations in Northern California. Due to the long distance from power sources and high line losses, the district faced high electric rates which made it less competitive compared to other areas in California. In response, IID investigated the potential for developing hydroelectric power.

In 1928, the U.S. Congress enacted the Boulder Canyon Project Act (BCPA), which authorized the construction of a dam on the Colorado River to control the river and preserve its waters. The Act also authorized the creation of the Hoover Dam and the construction of the All- American Canal, a canal system that would deliver Colorado River water to the Imperial and Coachella Valley areas. During this time, both the IID and the Coachella Valley Water District (CVWD) – described in more detail in the section that follows, were separately negotiating independent contracts with the United States for the construction of the canal and repayment of costs to bring water to the region. The BCPA was primarily related to water issues, but also allowed for the Department of Interior to contract for hydroelectric power generation opportunities on the canal.

The United States recognized the potential for hydroelectric power and that it could be

used as a way to repay canal construction costs. Realizing the potential, the United States granted all hydroelectric generation opportunities on the canals to IID and CVWD, in exchange for a repayment agreement that would provide “net proceeds” received from power operations to the United States for the repayment of construction costs.

Anticipating that hydroelectric power generated from the All-American Canal would allow for power rates considerably lower than the current competitors, in 1936 the IID entered the electric power business for Imperial County during the construction of the All- American Canal and later expanded their service territory by purchasing electrical facility assets in the Coachella Valley from the California Electric Power Company (CEPC) in 1943.

The California Public Utilities Commission (CPUC) approved an adjustment to the service boundary between IID and CEPC as part of the acquisition. Today, this area is known as IID's “District Coachella Service Territory”. The areas serviced under service boundary agreement include the cities of Indio, Coachella, La Quinta, and portions of Palm Desert, Rancho Mirage, Indian Wells, and several communities in unincorporated areas in the Coachella Valley, located in Riverside County. Today, approximately 60 percent of IID's electricity customers reside outside of IID's jurisdictional boundary and are located in the Coachella Valley service territory. Furthermore, growth in this area of Riverside County continues to outpace Imperial County. A map of IID's electrical service territory is shown on Figure 2-2.

2.2 Average Electricity Rate Comparison by Utility Type

To establish a baseline electric rate for comparison, the following section compares average IID residential electricity rates to neighboring utilities. Rates are provided for IID, an Investor-owned Utility, and a Municipally Owned Utility. As shown, IID electricity rates for residential service are competitive and additional information on can be found on IID's website (www.iid.com/energy/rates-regulations/rates).

Based on a February 2023 billing, the average electric residential service cost is approximately \$0.1715 per Kilowatt-Hour and includes the following components:

- Customer Charge (Schedule D) = \$9.60 per month fixed charge
- Energy Cost Adjustment-Nonrenewable (Schedule ECA) = \$0.0383 per Kilowatt-Hour
 - Based on the previous 12 months of actual costs
- Energy Cost Adjustment-Renewable (Schedule ECA- R) = \$0.0019 per Kilowatt-Hour
 - Based on the previous 12 months of actual costs
- Public Benefit Charge (Schedule PBC) = 2.85% surcharge based on total monthly charge
- California Energy Surcharge = \$0.00030 per Kilowatt- Hour

The following provides a residential rate comparison based on 2020 average rates and charges for various energy providers and utility structures.

- Imperial Irrigation District: \$0.1616 per Kilowatt-Hour
- Investor-Owned Utility (Southern California Edison): \$0.2513 per Kilowatt-Hour
- Municipal Owned Utility (Riverside Public Utilities): \$0.1695 per Kilowatt-Hour

2.3 Agreement of Compromise and Hydroelectric Generation

To facilitate the construction of the All-American Canal and the repayment of construction costs, both IID and CVWD negotiated independent contracts with the United States. In 1932, the IID and the United States executed a contract for the construction of the canal. The agreement granted IID exclusive rights to all power generation opportunities created on the canal system, not reserved by the United States. The agreement also required the CVWD service territory to annex into IID, or the United States would forgo the development and construction of the canal system to the Coachella Valley area. However, CVWD contested the requirement by the United States and initiated a series of negotiations to finalize the contract. Eventually, the United States mandated that the parties resolve their differences to avoid impeding the construction and repayment of the proposed canal system.

On February 14, 1934, the IID and CVWD resolved their differences and signed an Agreement of Compromise, allowing the project to move forward and to execute separate contracts with the United States.

On October 15, 1934, CVWD executed a contract with the United States for the construction of the Coachella branch with similar conditions included in IID's contract for the All- American Canal.

2.3.1 Parties to the Agreement

Signed in 1934, the Agreement of Compromise was executed to ratify the allocation of water priorities between the IID (also referred as Imperial District) and CVWD (also referred as Coachella District). The agreement stipulated that CVWD would lease its power generation opportunities to IID for a period of 99 years, ending on December 31, 2033, in exchange for certain conditions as specified in the agreement.



2.3.2 Agreement Outline

This section provides an outline of the Sections related to power and electricity service under the 1934 Agreement of Compromise. Sections 14 and 17 establish the conditions under the agreement and delineates the Lease of Power Rights. In Section 15 of the agreement, the water

rights settlement is explicitly defined, resolving the parties' disputes about the use of Colorado River water. An outline of Section 14 and 15 is as follows:

Priority Rights:

- Imperial Irrigation District has the first right for irrigation and potable use in the Imperial Service Area, as defined by the boundaries constituted on June 23, 1931. Applies to waters from the All-American Canal in Imperial and Coachella Valleys.
- Coachella Valley County Water District has the next right for irrigation and potable use in the Coachella Service Area, as defined by Exhibits B, C, D, and E in the 1934 Compromise. This applies to waters from the same canal and is subject to Imperial Irrigation District's prior rights.

Secondary Use for Power Generation:

- Water can be used for generating electricity, but this use is secondary to irrigation and potable needs of the two districts.

Boundary Changes:

- Districts can change service area boundaries with Interior Secretary's consent, but changes are limited to the addition or subtraction of 5000 acres without the other district's consent.

Revenue and Service Restrictions:

- Coachella District: Cannot share revenues from services outside the agreement. Also, cannot provide services near Pilot Knob.

Section 17 of the agreement establishes a lease agreement between Coachella District and Imperial District regarding power rights. Key points include:

Commencement and Termination:

- The lease starts from the date of execution and ends on January 1, 2033, or the longest period permitted by law.

Exclusive Rights:

- Imperial District gains entire and exclusive operation, management, development, and control of all power rights, including the use, sale, and control of power produced from these rights.

Rental Payments:

- Imperial District pays Coachella District eight percent of the net proceeds from the power rights annually. These payments are credited to the Coachella Contract until obligations are met, after which Imperial District pays Coachella District directly.

Conditions for Rentals:

- Rentals are due only when capacity for Coachella District down to Pilot Knob is ensured.

Termination:

- The lease terminates if Coachella District is relieved of obligations as per Section 14 or if Imperial District defaults on rental payments for two years.

Segregation and Adjustment:

- Upon termination, the rights and privileges of the parties will be segregated and/or adjusted equitably based on their respective investments and legal and equitable rights. (In the case that the parties cannot agree upon such segregations, then a board consisting of 5 members – one selected by Imperial District, one selected by Coachella District, and 3 selected by the Secretary of the Interior shall arbitrate).

Interest on Overdue Payments:

- Overdue rentals accrue interest until paid.

Inspection Rights:

- Coachella District has the right to inspect Imperial District's power facilities and access related records.

Assignment and Subletting:

- Imperial District cannot assign or sublet its interest without Coachella District's written consent.

Section 18 outlines the obligations related to power contracts. Imperial District, upon executing the lease as described in Section 17 and being ready to construct facilities for electrical energy (power) in Coachella Valley, must notify Coachella District in writing. Upon receiving this notice, Coachella District is obligated to obtain contracts or applications for power signed by consumers, amounting to at least eighty percent of the power load then consumed in the Coachella Service Area. These contracts or applications must be secured within six months after the notice from Imperial District.

Section 19 outlines power supply rights and terms to the Coachella District for project purposes. Key points include:

Power Supply to Coachella District:

- Imperial District will furnish power to Coachella District for its project purposes within the Coachella Service Area at rates not exceeding the cost of power delivered in Coachella Valley, plus fifteen percent. These rates should not be higher than those charged by Imperial District to itself for similar uses, accounting for the difference in power transmission costs between Imperial and Coachella Valleys.

Power Supply to Consumers within Coachella District:

- Power will be supplied to consumers within Coachella District (other than Coachella District itself for project purposes) at rates not exceeding

those charged by Imperial District for similar service within its own district. These rates should also account for the difference in power transmission costs between Imperial and Coachella Valleys. Rates charged to consumers will not exceed seventy-five percent of the rates paid for similar services by individual consumers in Coachella District on January 1, 1934, adjusted for the purchasing power of the dollar on that date.

- Imperial District will further reduce rates to consumers to match competitive rates offered by other public utilities, authorized by relevant regulatory authorities. However, Imperial District is not obliged to charge rates that yield less than the cost of service.

A copy of the 1934 Agreement of Compromise is provided in Appendix B.

2.3.3 Summary of Conditions

The 1934 Agreement of Compromise provided that the CVWD would lease their power rights over the term of the agreement to IID, providing IID the exclusive right to operate, manage, develop, and control the use, sale, and generation of electricity as related to the All- American Canal. Below is a summary of conditions included as part of the agreement.

- Stipulated the term of the agreement to be 99 years, through December 31, 2033.
- Allowed IID to lease CVWD's power right opportunities along the canal over the term of the agreement.

- Authorized CVWD to execute an independent contract with the United States for the All-American Canal without being annexed by IID.
- Gave IID priority Colorado River rights over CVWD.
- Provided IID the ability to sell electricity in CVWD's territory.
- Restricted CVWD's ability to compete in power sales with IID.
- Called for IID to serve power in the Coachella Valley for 99 years and to administer electric rates no greater than those charged by IID to Imperial County customers.
- Required CVWD to provide signed contracts representing 80 percent of CVWD's water customers to IID.
- Granted IID control of all power opportunities along the All-American Canal.
- Required IID to pay eight percent of "net proceeds" annually from its power system to CVWD to settle water right disputes and combine and coordinate power rights for benefit of both service territories.

2.4 Imperial Irrigation District Energy Division

The IID headquarters is in the City of Imperial, 120 miles east of San Diego and directly to the north of the United States and Mexico International border in Imperial County. IID is a public entity formed pursuant [JP1] to the Irrigation District Law (California Water Code sections 20500 et. Seq.) and is responsible for providing irrigation water and energy services to customers within its district boundaries

and, through service contracts, to customers outside of its district boundaries.

After discovering the potential from hydroelectric generation along the All-American Canal, IID entered the power industry in 1936. Today, IID serves electricity to more than 150,000 customers in Imperial County, as well as parts of Riverside and San Diego counties. Initially, IID's power customers were served electricity from a diesel generation plant in Brawley. Shortly after, with the purchase of the CEPC in 1943, IID expanded its electrical service area to include the Coachella Valley.

Today, IID manages an annual electric operating budget of approximately \$520 million and operates over 1.2 gigawatts of energy generation facilities and power purchases, 20 megawatts (MW) of energy storage facilities, 1,800 miles of energy transmission lines, over 125 Substations, and approximately 6,150 miles of distribution lines across a 6,800 square mile service territory.

A summary of IID's operating budget for their energy division is provided in Table 2-3. IID is not a member of the California Independent System Operator (CAISO). As a separate Balancing Authority, it must be self-sufficient in providing reliable energy services under extreme events and is regulated by the Western Electricity Coordination Council (WECC). Below is an overview of the types of generation facilities constructed and managed by IID to deliver electricity to their customers.

- All-American Canal Hydroelectric Generation: 32 MW
- Palo Verde Nuclear Generating Station: 14 MW
- USBR Parker Davis Project: 32.6 MW
- Yucca Steam Plant: 70 MW
- IID Thermal Generation Plants: over 592 MW
- Power Purchases: approximately 460 MW

According to the 2018 Energy Integrated Resources Plan, electricity usage, or demand for IID's service territory in 2018 was recorded as 1,125 megawatts. Based on IID's latest projections, electricity usage is expected to increase by approximately 25 percent by 2035, with peak demand estimated to reach 1,395 megawatts. These estimates account for planned energy conservation programs and services that IID intends to implement, which will reduce the total demand required from generation facilities and power purchase contracts.

IID currently serves approximately 159,000 residential, commercial, and industrial customers. Of this, about 61,900 customers, or 39 percent, reside within IID's current jurisdictional boundary. *The remaining customers, approximately 97,100 customers, or 61 percent, reside in the Coachella Valley, outside of IID's legal jurisdictional boundary and their political divisions for IID Board of Director elections.* Population projections prepared by IID and the Southern California Association of Governments (SCAG) indicate that growth in the Coachella Valley service territory is expected to outpace population growth in Imperial County. Details regarding estimated service area

population projections can be found in IID's 2020 Service Area Plan (Section III.B, Table G-4).



TABLE 2-3 – IMPERIAL IRRIGATION DISTRICT ENERGY DIVISION BUDGET SUMMARY
BY MAJOR CATEGORY

IID Energy Division	2022 Projected Actual	2023 Budget	2024 Budget
REVENUE AND FUNDING			
Residential	\$300,393,800	\$310,940,200	\$312,089,900
Agricultural	\$11,222,500	\$11,650,900	\$11,701,400
Commercial	\$217,301,200	\$225,438,000	\$226,352,700
Industrial	\$3,157,200	\$3,279,100	\$3,332,900
Lights	\$2,486,500	\$2,566,400	\$2,582,900
Public Authorities	\$10,065,500	\$10,430,700	\$10,466,500
Interdepartmental	\$2,587,500	\$2,599,600	\$2,599,600
Public Benefit Charge	\$15,658,000	\$16,158,700	\$16,222,000
Interest Income	\$(2,971,703)	\$3,000,000	\$3,500,000
Public Benefit Fund	\$2,852,900	\$2,615,100	\$2,615,100
Capital Contributions	\$18,867,800	\$91,603,600	\$54,023,900
Capital Loans	\$8,357,103	\$9,893,700	\$32,184,200
Cert. Of Participation Proceeds	\$0	\$44,386,800	\$71,661,600
Other Income	\$49,345,600	\$40,894,000	\$46,261,500

TABLE 2-3 – IMPERIAL IRRIGATION DISTRICT ENERGY DIVISION BUDGET SUMMARY
BY MAJOR CATEGORY

IID Energy Division	2022 Projected Actual	2023 Budget	2024 Budget
Total Revenue and Funding	\$639,323,900	\$775,456,800	\$795,594,200
EXPENDITURES			
Purchased Energy	\$334,689,300	\$339,668,400	\$338,837,900
Operations and Maintenance	\$148,086,000	\$165,778,100	\$168,409,600
General and Administration	\$19,315,300	\$19,639,400	\$20,021,200
Energy Capital Projects	\$81,925,855	\$181,859,200	\$171,595,600
Support Services Capital Projects	\$16,677,445	\$26,966,200	\$49,454,100
Transmission Rate Credits	\$1,600,000	\$1,873,200	\$1,800,000
Other Operating Expenses	\$(3,600,000)	\$(2,600,000)	\$(3,900,000)
Debt Service	\$40,630,000	\$42,272,300	\$49,375,800
Total Expenditures	\$639,323,900	\$775,456,800	\$795,594,200

Notes:

1. Imperial Irrigation District 2023 Budget Plan, November 1, 2022.
2. Public Benefit Charge is based on 2.85% surcharge per Schedule PBC

IID's Mission Statement

The Imperial Irrigation District is a fiscally responsible public agency whose mission is to provide reliable, efficient, and affordably priced water and energy service to the communities it serves.

Vision Statement

The Imperial Irrigation District will protect the Imperial Valley's water rights and energy balancing authority, deliver the highest level of customer service and maintain system reliability for the sustained benefit of the regional economy, the environment and the communities it serves in a fiscally responsible manner.

2.4.1 Governance Structure

IID is governed by an elected five-member Board of Directors, who are responsible for overseeing the district's operations, policies, and finances. The members of the Board are elected by registered voters from the geographic divisions in which they reside with a general manager appointed by the Board to manage the day-to-day operations. All the district political divisions are located within Imperial County, but not coterminous with Imperial County. Customers in the Coachella Valley are currently unable to participate in IID Board elections.

The IID has two primary operational departments, the Water Department and the Energy Department. Each department is overseen by the general manager's Executive Office and supported by four service departments: General Services,

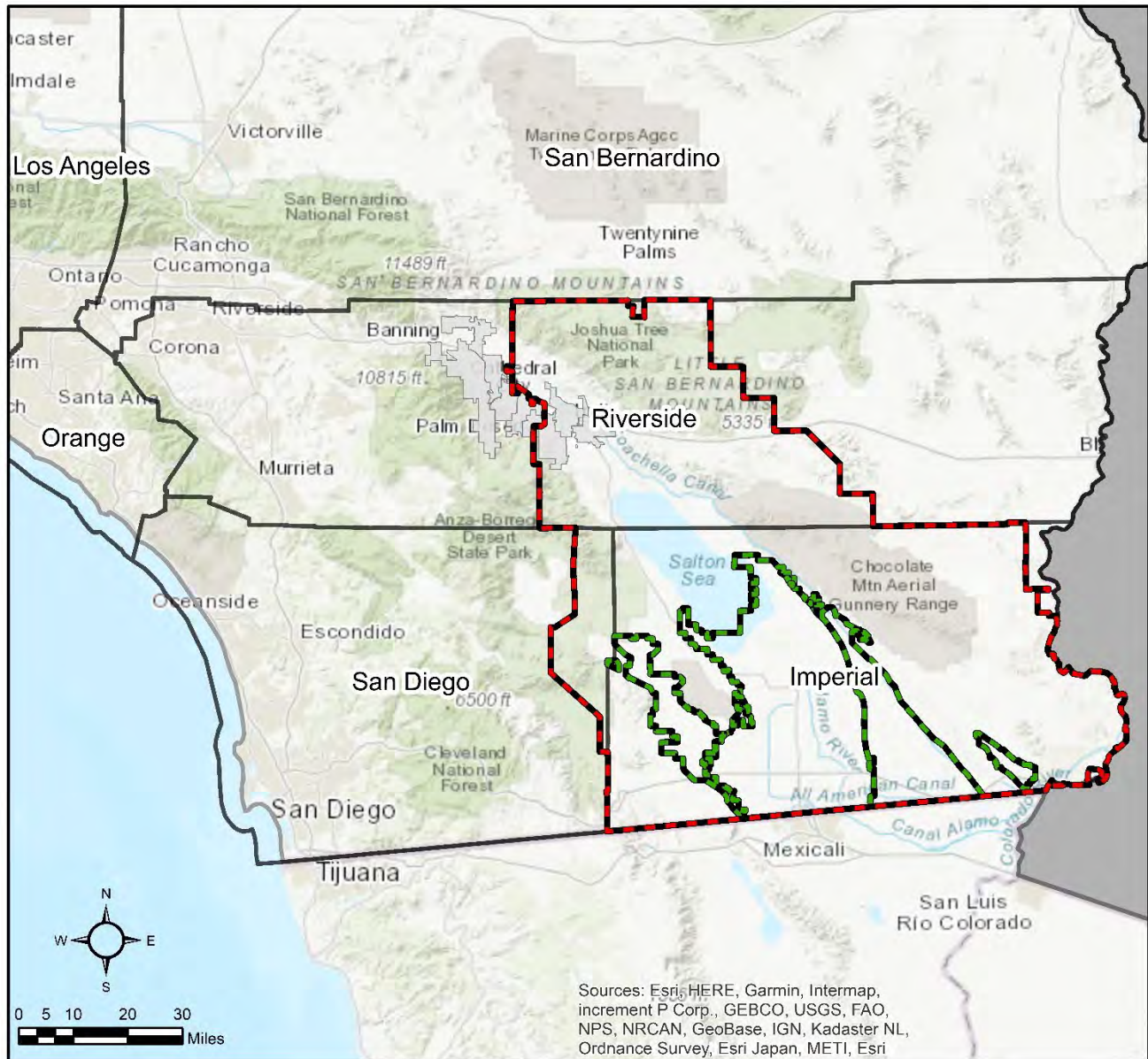
Information Technology, Finance and Human Resources. The IID Board of Directors is apprised and supported by the Executive Department, including Administration Services, which handles matters related to government affairs, real estate, and risk management.

2.4.2 Jurisdictional Boundary and Extended Service Territory

IID's jurisdictional boundary was amended by the BCPA of 1928 and the BCPA Agreement of 1932. Their jurisdictional boundary, also known as legal boundary, is entirely contained in the Imperial County. In 1943, IID executed a purchase and sales agreement with CEPC. After the sales agreement was approved by the CPUC, IID provided energy service to areas outside of its legal boundary and into Riverside and San Diego counties. IID's jurisdictional boundary and extended electrical service territory is presented in Figure 2-2.



FIGURE 2-2 – IID JURISDICTIONAL BOUNDARY AND EXTENDED ELECTRIC SERVICE TERRITORY



Symbology

- IID Electric Service Territory
- IID Jurisdictional Boundary
- County Boundary
- Coachella Valley Cities

Data Source:
CVWD and IID Electric Service boundary provided by Riverside and Imperial LAFCOs.

County lines from California Open Data Portal. Last updated 9/10/2019

Disclaimer: This is NOT an official map. Dopudja & Wells Consulting does not guarantee the accuracy of data in this map. Any errors or omissions shall not be considered the responsibility of Dopudja & Wells Consulting.



SECTION 3

ENERGY SERVICE STAKEHOLDERS



ENERGY SERVICE STAKEHOLDERS

This section will introduce key stakeholders involved in the development of the Study. Although there were additional stakeholders involved as part of the Study's outreach, the following stakeholders were identified by the Riverside and Imperial County LAFCOs and are members of the Coachella Valley Energy Commission (CVEC). Feedback and supplemental materials provided by stakeholders during outreach is further described in Section 6.1. This includes responses to the Study's electrical service questionnaire and input received during the individual stakeholder discussions.

The CVEC was created by IID in response to Assembly Bill 1021. The Commission is tasked with providing immediate and diverse local representation by Coachella Valley stakeholders in IID's extended electrical service territory. The Commission is tasked with developing a long-term strategic plan for continued energy service to the Coachella Valley following the 2033 expiration of the 99-year lease of power rights between the CVWD and IID.

3.1 Coachella Valley Water District

Established under the provisions of the California Water Code, Coachella Valley Water District (CVWD), previously known as Coachella Valley County Water District, was organized in 1918 as a County Water District. The district's

jurisdiction now spans approximately 640,000 acres, primarily located in Riverside County, but also encompassing areas in northernly Imperial and northeastern San Diego Counties.

CVWD has evolved into a multi-faceted agency that delivers irrigation and domestic water, collects and recycles wastewater, provides regional storm water protection, replenishes the groundwater basin and promotes water conservation. CVWD does not provide electrical operations or service to its customers. CVWD is a County Water District and does not have legal authority to provide electricity.

CVWD's primary fields of service include:

- Domestic/drinking water treatment and distribution
- Irrigation water importation and distribution
- Wastewater collection and treatment
- Recycled water distribution
- Groundwater management
- Regional stormwater and flood protection

Prior to 1943, the CEPC served as the primary electrical service provider for the Coachella Valley. Subsequently, CVWD entered into a partnership with IID to assume the responsibility of providing electrical services to the region, while acknowledging the advantages of securing hydroelectric power. According

to the conditions of the 1934 Agreement of Compromise, CVWD is restricted from competing with IID on electrical service operations and sales through December 31, 2033. Although CVWD participates, the district is not a member of the CVEC.

CVWD Mission Statement

To meet the water-related needs of the people through dedicated employees, providing high quality water at a reasonable cost.

3.1.1 Governance

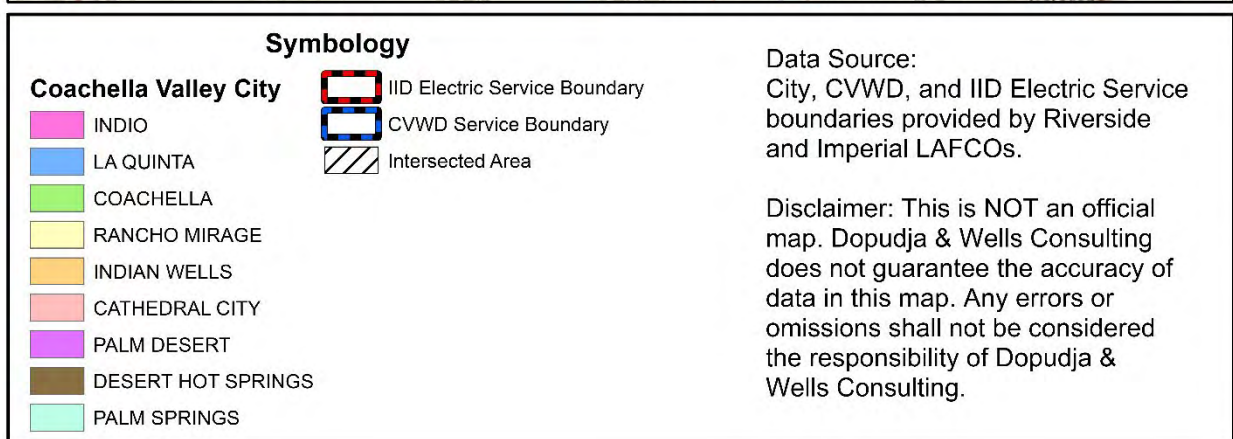
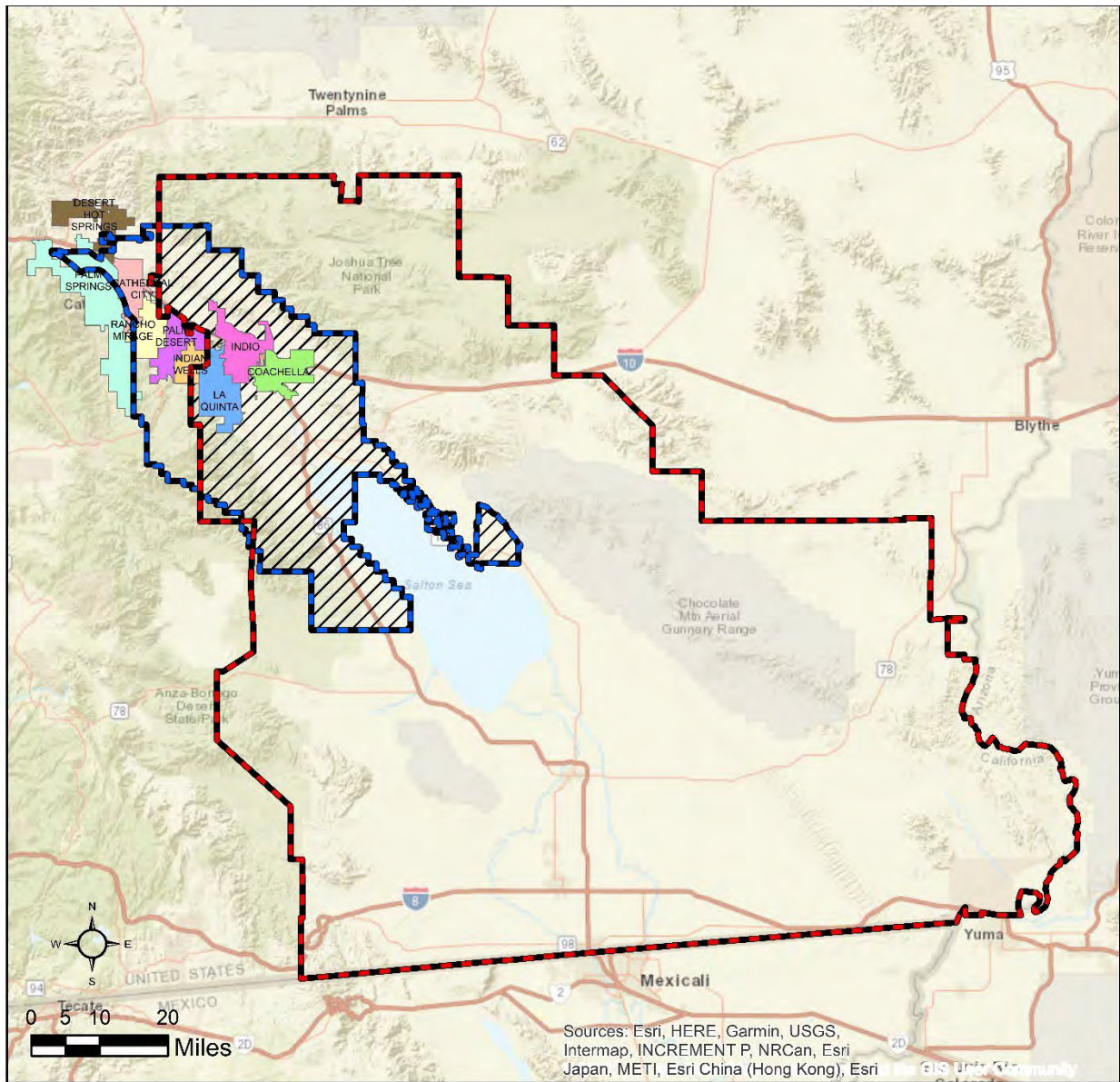
CVWD is a special district established by the state legislature and certified by the State on January 16, 1918. CVWD is governed by a five-member Board of Directors elected to 4-year terms by district voters. Each director represents one of five divisions of the district and are elected at-large by all voters. CVWD

policies are regulated by several state and federal agencies, including the State Water Resources Control Board, California Department of Public Health, and the California and United States Environmental Protection Agencies. Because the District is a government agency and not a private company, it is not regulated by the Public Utilities Commission.

3.1.2 Jurisdictional Boundary

CVWDs jurisdictional boundary encompasses the Coachella Valley and extends into Imperial County, southeast from the San Bernardino Mountains to the Salton Sea. The CVWD jurisdictional boundary and corresponding service area is shown in Figure 3-1.

FIGURE 3-1 – COACHELLA VALLEY WATER DISTRICT JURISDICTIONAL BOUNDARY



3.2 City of La Quinta

The City of La Quinta, situated in Riverside County, is a growing, premier desert resort destination recognized for its exceptional golf resorts. The governing body of the city, the La Quinta City Council, comprises five members and is led by Mayor Linda Evans. Mayor Evans is currently serving her third term in the position. The La Quinta City Council is responsible for formulating and implementing city legislation and policy-making. The City Council is responsible for appointment of the City Manager and the City Attorney. It serves as the Board of Directors for the Financing Authority. In addition, the Council serves as the legislative authority for the La Quinta Lighting and Landscaping District.

The City of La Quinta is the southern most city in the Coachella Valley. The city is bordered by the City of Indian Wells on the northwest and by the City of Indio on the northeast. It is surrounded by the Santa Rosa mountain range on all other sides. The location of the City of La Quinta within IID's electrical service boundary and their sphere of influence is shown in Figure 3-2. A sphere of influence is a planning boundary outside of an agency's legal boundary (such as the city limit line) that designates the agency's probable future boundary and service area. The estimated population, as of 2021, is 38,000 and the city is a member of the CVEC.

3.3 City of Indio

The City of Indio, situated in Riverside County, is the largest and fastest growing city in Coachella Valley best known for several large music festivals. The city was originally founded as a railroad outpost but transitioned into an agricultural hub and is now the sole producer of dates in the United States, yielding 41.4 million pounds of dates each year.

The governing body of the city includes an elected City Council and City Manager, consisting of five elected members and a Council appointed City Manager. Each year, a new Mayor is selected by the Council, currently the Council is led by Mayor Oscar Ortiz.

The Indio City Council is responsible for formulating and implementing city legislation, policy-making, and overseeing the City Budget. The City Council is the legislative body for the City, Public Financing Authority and Redevelopment Agency.

The City of Indio is located on the eastern side of Coachella Valley, bordered by the city of La Quinta on the southwest and the city of Coachella on the southeast. The location of the City of Indio within IID's electrical service boundary and their sphere of influence is shown in Figure 3-2. A sphere of influence is a planning boundary outside of an agency's legal boundary (such as the city limit line) that designates the agency's

probable future boundary and service area. The estimated population, as of 2021, is 90,000 and the city is a member of the CVEC.

3.4 City of Coachella

The City of Coachella, situated in Riverside County, was first settled by J.L. Rector in 1989 when he came to the area to establish a mesquite terminal. Additional settlement in the area began after he and his brother L.B Rector tapped into an artesian water well in 1900.

The governing body of the city includes an elected City Council and City Manager, consisting of five elected members and a Council appointed City Manager. All five members of the City Council are elected by the residents, with general Council Members serving four-year terms and the mayor serving two-year terms. Currently the Council is led by Mayor Steve Hernandez. The Coachella City Council is responsible for formulating and implementing city legislation, conducting public hearings, analyzing public issues, and managing city finances as well as general city operations.

The City of Coachella is located on the most southeastern edge of Coachella Valley. The location of the City of Coachella within IID's electrical service boundary and their sphere of influence is shown in Figure 3-2.

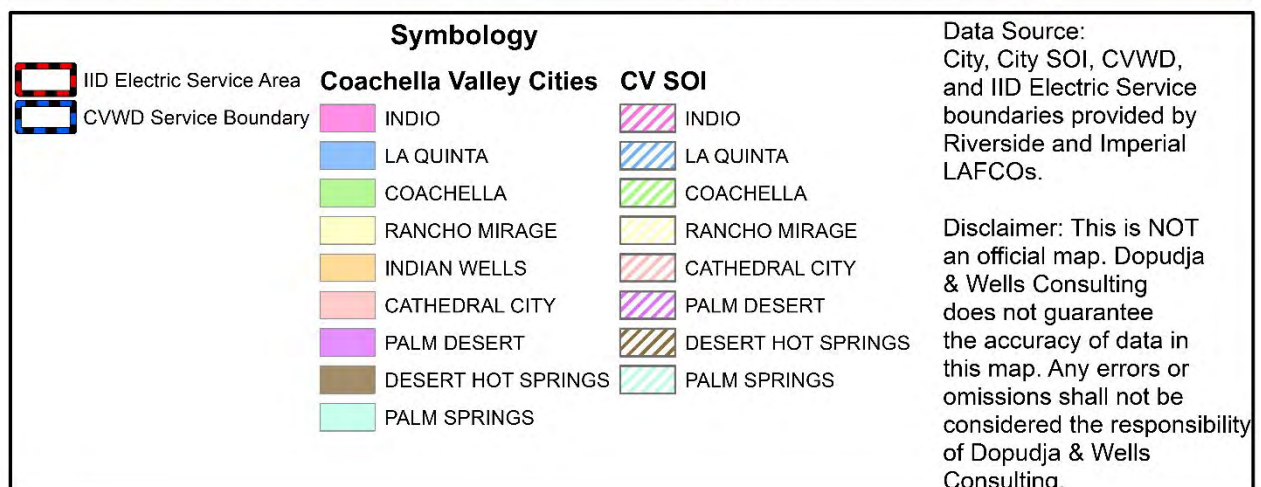
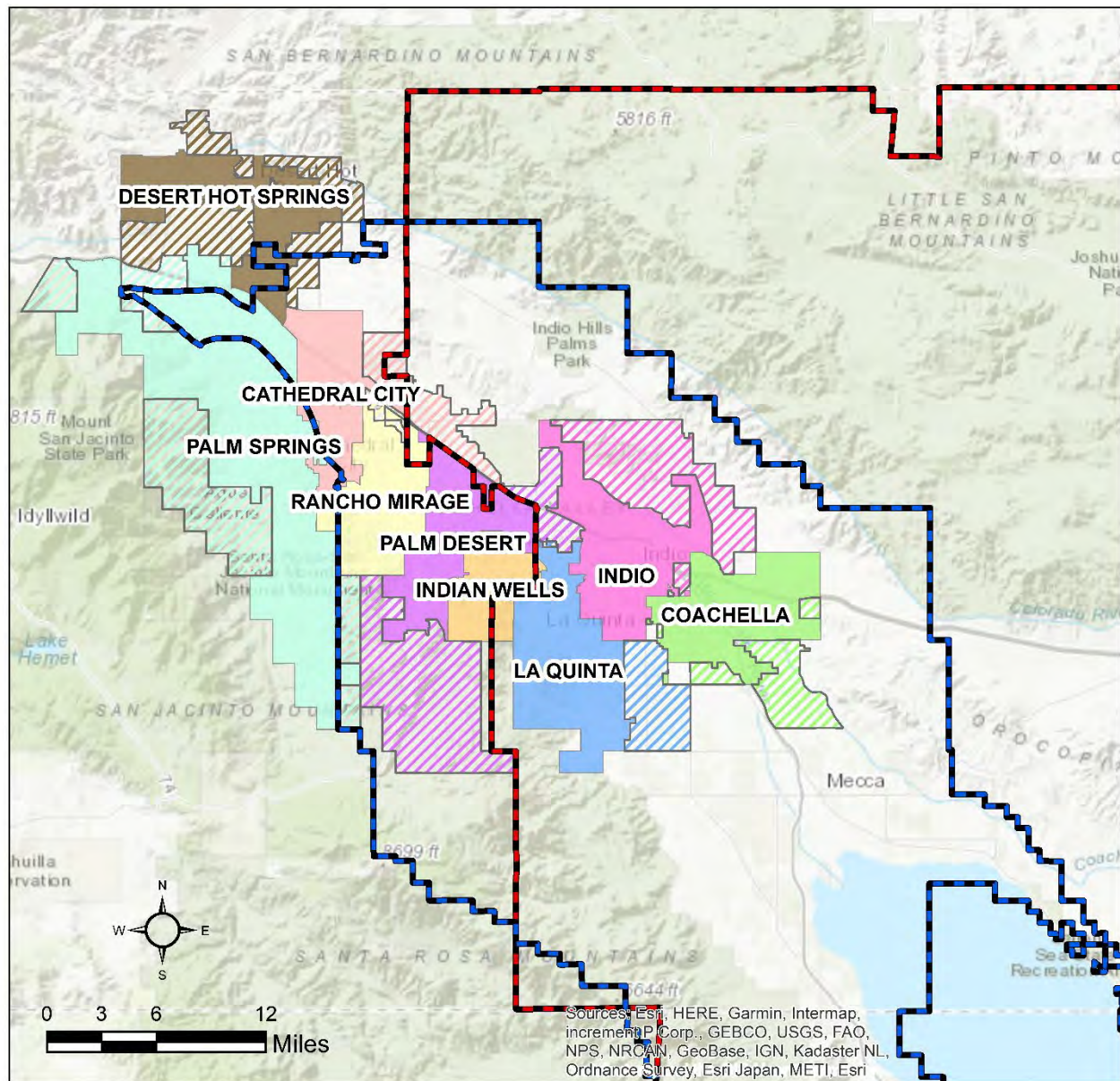
A sphere of influence is a planning boundary outside of an agency's legal boundary (such as the city limit line) that designates the agency's probable future boundary and service area. The estimated population, as of 2021, is 43,000 and the city is a member of the CVEC.

3.5 Cove Communities Services Commission

The Cove Communities Services Commission (CCSC) was established by City of Rancho Mirage, the City of Palm Desert and the City of Indian Wells to provide coordinated fire, police, and paramedic services. The Commission, comprised of six elected council members, two from each city, holds quarterly meetings. Hosting and administrative duties are annually rotated among the cities. Although each city now individually contracts for public safety services, the CCSC are actively engaged in regional programs and initiatives that affect all three cities.

The estimated population for the cities included under the CCSC, as of 2021, is approximately 74,500 and the CCSC is a member of the CVEC. Individual city population projections can be found in Table 2-1.

FIGURE 3-2 – COACHELLA VALLEY CITIES AND SPHERE OF INFLUENCE



3.6 County of Riverside

Riverside County was formed in 1893 from parts of San Bernardino and San Diego Counties. These two territorial components comprise over 7,300 square miles. Its early years were tied to agriculture, but other industries soon took hold and contributed to the county's rapid growth. The governing body of the County is the Board of Supervisors. There are five separate districts based on population and other factors within the county. The Board of Supervisors is the governing body of the County, certain special districts and the Housing Authority. The Board enacts ordinances and resolutions, adopts the annual budget, approves contracts, appropriates funds, determines land use zoning for the unincorporated areas, as well as appoints certain County officers and members of various boards and commissions.

Riverside County is located north of San Diego and Imperial Counties and south of San Bernardino County. Riverside County's eastern neighbor is the State of Arizona, and its western neighbor is Orange County. The estimated population, as of 2021, is 2.5 million, making Riverside the fourth largest county in California by population. This population estimate is for the entire County, which extends beyond the boundary of the IID Coachella Valley electrical service territory. Individual population estimates for the cities

located in Riverside County, which receive electrical service from IID are shown in Table 2-1. The County of Riverside is a member of the CVEC.

3.6.1 State Assembly Representation

Riverside County is represented by six Assembly Districts (AD), AD 36, AD 47, AD 58, AD 60, AD 63, and AD 71. The two AD's of interest for this study are AD 36 and AD 47. Eduardo Garcia (D) is the current Assembly member of AD 36, representing Riverside County cities, Imperial County communities, and San Bernardino communities. He is the chair of the Water, Parks, and Wildlife Committee and serves on several other committees such as Appropriations, Communications and Conveyance, and Utilities and Energy.

Greg Wallis (R) is the current Assembly member of AD 47, representing Riverside County cities, including the City of La Quinta. He assumed office in December 2022 and is currently serving his first term as Assemblyman.

3.6.2 District Supervisor

The Riverside County Board of Supervisors consists of five separate districts. The district which oversees the Study area is the Fourth District. The Fourth District is the largest district in Riverside County by area. The Fourth District covers the eastern two-thirds of the County including the cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta,

Palm Desert, Palm Springs and Rancho Mirage. The current supervisor for the Fourth District is Supervisor V. Manuel Perez.

The Fourth District also includes several district communities, each with its own distinct assets and issues. Ten of these communities are sufficiently large and active that the Board of Supervisors has established a Community Council to advise the Board of a wide variety of concerns that arise within the community. While they are strictly advisory in nature, the voice of the councils is heard by both the Board and other important entities such as the County Planning Commission. The Fourth District includes Bermuda Dunes, Desert Edge, Indio Hills, Mecca-North Shore, Sky Valley, Thermal-Oasis, Thousand Palms, and Vista Santa Rosa district communities.

3.7 County of Imperial

Imperial County encompasses seven cities and eight unincorporated communities across 4,284 square miles. It was established in 1907 from portions of San Diego County. The county has a strong agricultural heritage, producing half of the nation's winter vegetables and abundant renewable resources such as geothermal, wind, and solar. It also offers various recreational activities including the Imperial Sand Dunes Recreation Area, the Sonny Bono Salton Sea National Wildlife Refuge, and frequent community events.

Although geographically ninth largest county in California, Imperial County is the smallest of the nine counties in Southern California based on population estimates.

The governing body of the County is the Board of Supervisors. The Board of Supervisors is the governing body of the County, certain special districts and the Housing Authority. The Board enacts ordinances and resolutions, adopts the annual budget, approves contracts, appropriates funds, determines land use zoning for the unincorporated areas, as well as appoints certain County officers and members to various boards and commissions.

Imperial County is underway with establishing and implementing a renewable energy overlay zone. These are areas where the County's General Plan is encouraging renewable energy development. The renewable energy overlay zone is concentrated in areas that the County has determined to be the most suitable for developing renewable energy facilities while minimizing the impact to other established uses. The overlay zones cover approximately 201,000 acres and can accommodate a range of technologies. Figure 3-3 provides an overview of the proposed renewable energy overlay zone.

Imperial County is located on the most southeastern border of California. Imperial County's northern neighbor is Riverside County, its Western neighbor is San Diego County, its Eastern neighbor

is the State of Arizona, and its southern neighbor is Mexico. The estimated population, as of 2021, is 180,000 and the majority of this area is within IID's jurisdictional boundary. The County of Imperial is a member of the CVEC.

3.7.1 State Assembly Representation

Imperial County is represented by AD 36. Eduardo Garcia (D) is the current Assembly member of AD 36, representing Riverside County cities,

Imperial County communities, and San Bernardino communities.

3.7.2 District Supervisors

The Imperial County Board of Supervisors consists of five separate districts as shown on Figure 3-4. The Chairman of the Board is Supervisor Ryan E. Kelly of the Fourth District.

FIGURE 3-3 – IMPERIAL COUNTY RENEWABLE ENERGY OVERLAY ZONE

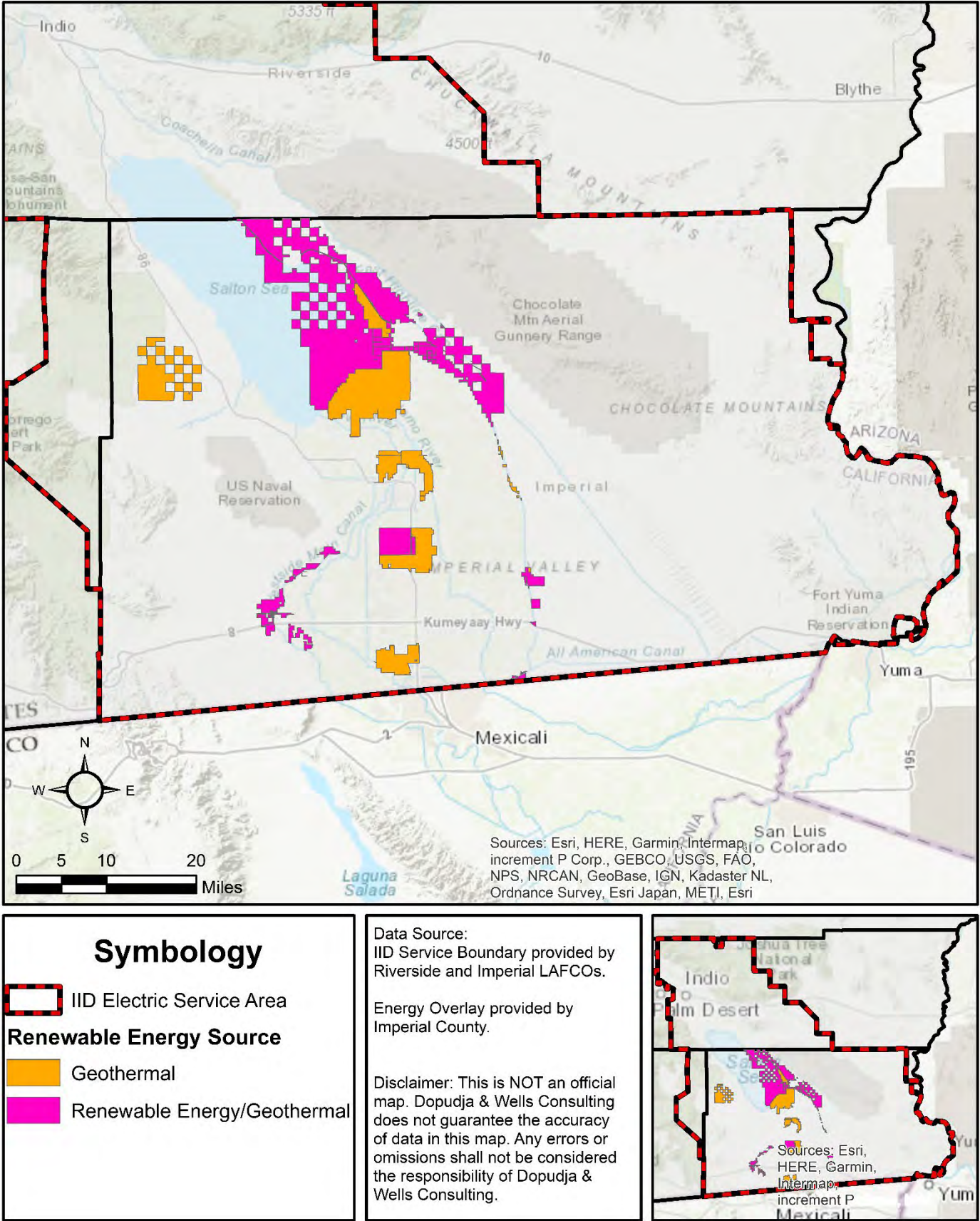
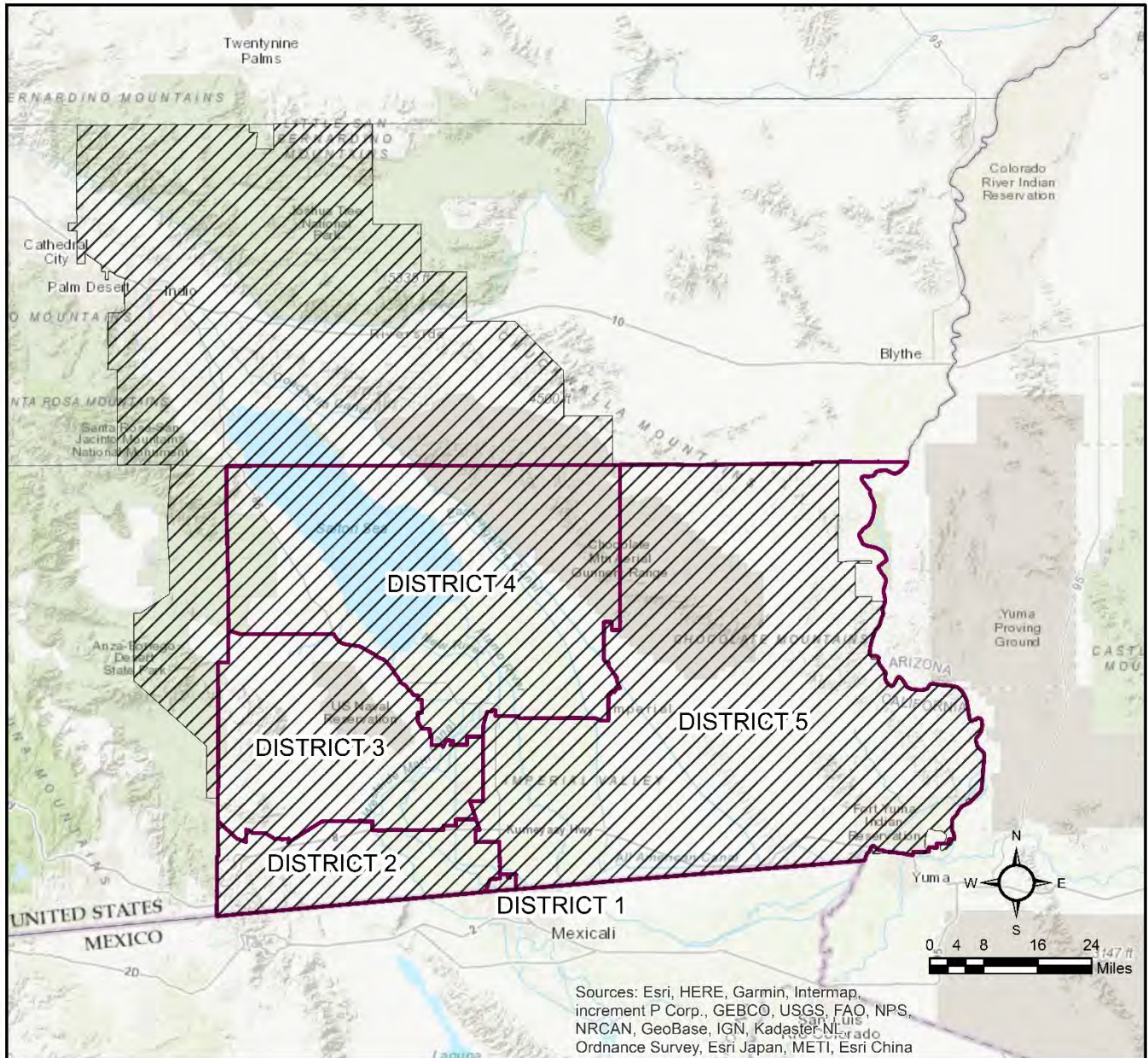





FIGURE 3-4 – IMPERIAL COUNTY SUPERVISOR DISTRICTS



SYMBOLLOGY

-  IID Electric Service Boundary
-  Imperial County Supervisorial Districts
-  Imperial County

Data Source:

IID Service Boundary provided by Riverside and Imperial LAFCOs.

County lines from California Open Data Portal.
Last updated 9/10/2019

Supervisorial Districts provided by Imperial County

Disclaimer: This is NOT an official map. Dopudja & Wells Consulting does not guarantee the accuracy of data in this map. Any errors or omissions shall not be considered the responsibility of Dopudja & Wells Consulting.

3.8 Twenty-Nine Palms Band of Mission Indians

The Twenty-Nine Palms Band of Mission Indians are a Chemehuevi people who are a federally recognized tribe whose reservation is located near the City of Twentynine Palms and the City of Coachella, California. In 1975, President Gerald Ford signed legislation recognizing the land and the tribe. The Twenty-Nine Palms Reservation was established by the Executive Order of 1895 in Twentynine Palms and was expanded in 1979 with an additional parcel in Coachella, California.

Today, the Tribe has established business enterprises and governmental operations on its sovereign lands, with Spotlight 29 Casino and the Tribal Government Offices near the City of Coachella, and Tortoise Rock Casino near the town of Twentynine Palms. The Tribe provides employment to over 700 people, contributes to the community through charitable contributions, and supports the Tribe's government operations and programs. The Tribe strives to ensure a solid economic foundation for future generations by investing diverse and strategic business ventures within its reservation boundaries and the neighboring regions for self-resiliency. The Tribe is a member of the CVEC and a general overview of where the Tribe is located is shown on Figure 3-5.

3.9 Augustine Band of Cahuilla Indians

The Cahuilla People are known to be the first known inhabitants of the Coachella Valley. They have lived in the Coachella Valley and surrounding mountains for over 3,000 years. The Cahuilla can be generally divided into three groups based on the geographical region in which they lived: Desert Cahuilla, Mountain Cahuilla and Western (San Gorgonio Pass) Cahuilla. The Augustine Band of Cahuilla Indians are Desert Cahuilla and are one of a total of nine Cahuilla Indian nations. The other eight are: Torres-Martinez Desert Cahuilla Indians, Cabazon Band of Mission Indians, Agua Caliente Band of Cahuilla Indians, Morongo Band of Mission Indians, Cahuilla Band of Mission Indians, Ramona Band of Cahuilla Indians, Santa Rosa Band of Mission Indians and Los Coyotes Band of Cahuilla Indians.

The Tribe has established a successful business enterprise, with the opening of the Augustine Casino in the City of Coachella. Since its opening, Augustine Casino has been a growing business in the East Valley providing nearly \$200 million in total salaries and wages which have gone directly back into the local economy. The Tribe also has an existing power purchase agreement with IID and considering expanding their current operations, to assist in the development of renewable energy or creation of micro-grids. The Augustine Band of Cahuilla Indians is dedicated to shaping a lasting legacy, today, and for many future generations. The Tribe is a

member of the CVEC and a general overview of where the Tribe is located is shown on Figure 3-5.



3.10 Torres-Martinez Desert Cahuilla Indians

The Cahuilla People are known to have inhabited the Martinez Canyon since the early 1800's. In May of 1876, an Executive Order by President Ulysses S. Grant created the Torres and Martinez reservations and combined them in 1891. The Tribe is governed by constitution and bylaws adopted by the general membership.

The Tribe also manages and operates Red Earth Casino and is considering expanding their current operations. The Tribe also has an existing power purchase contract with IID and is interested in expanding this part of their portfolio to assist in the development of renewable energy. Torres-Martinez Desert Cahuilla Indians' vision is to create opportunities in education, economic development, social services

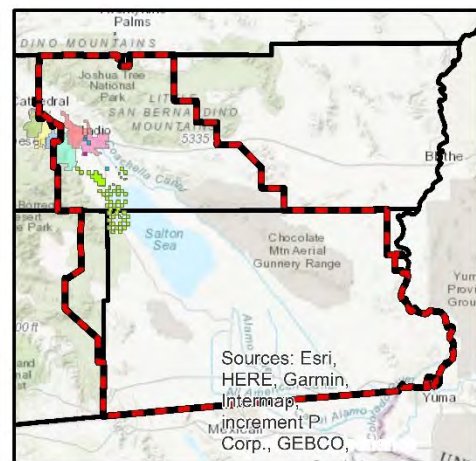
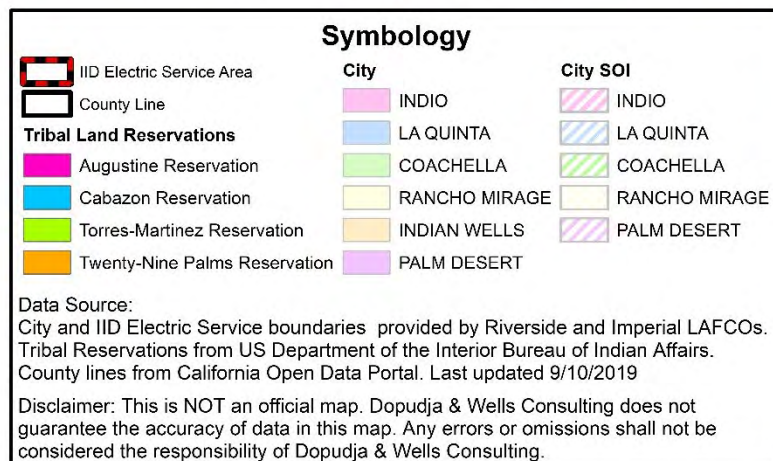
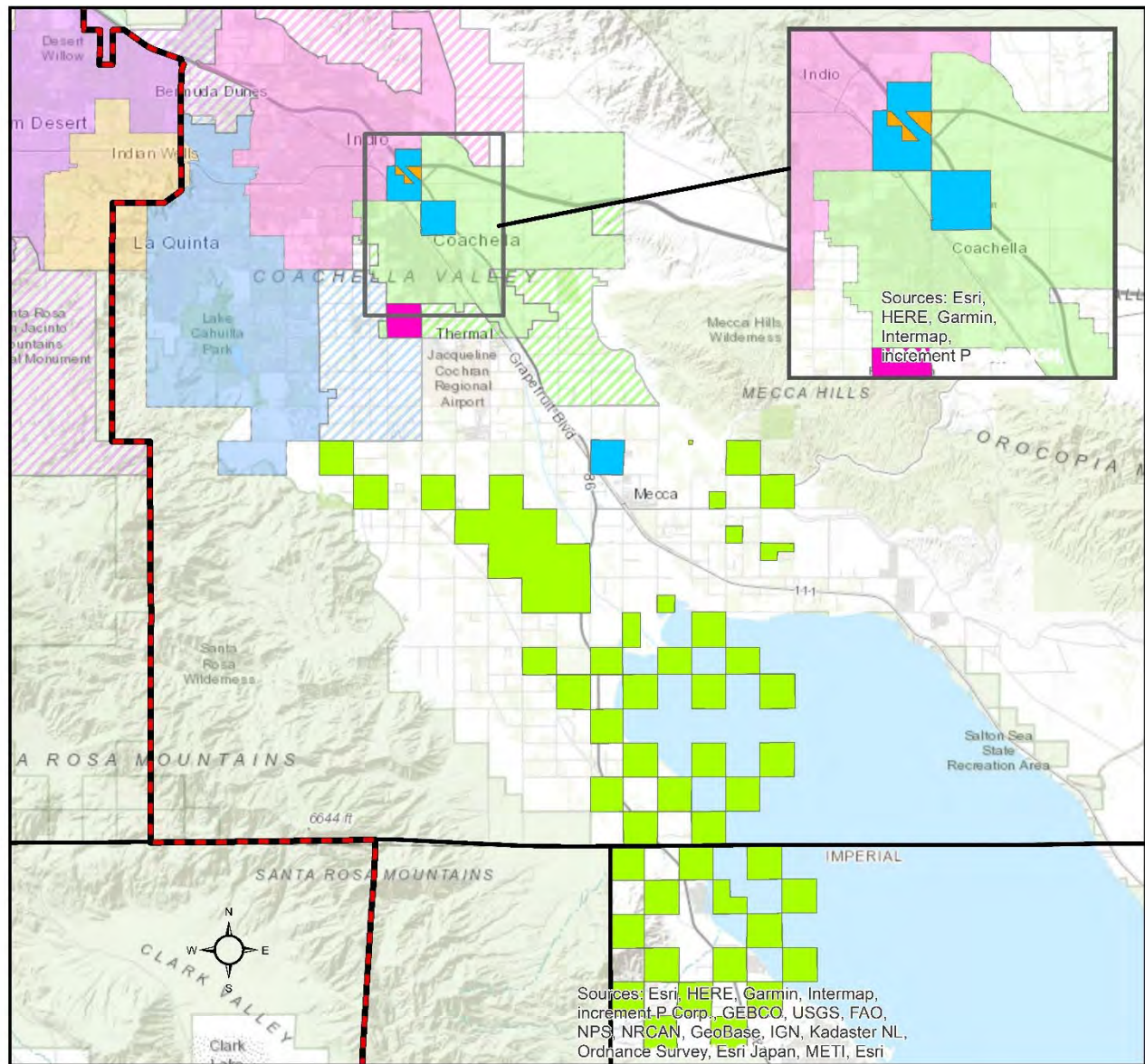
and other aspects of life for its tribal members and employees to become productive citizens and neighbors, thus creating a more harmonious community. The Tribe is a member of the CVEC and a general overview of where the Tribe is located is shown on Figure 3-5.

3.11 Cabazon Band of Cahuilla Indians

Over three thousand years ago, long before the United States, the Cahuilla People called the Coachella Valley and surrounding areas their home. The Cabazon reservation was formally recognized in 1867 and gained national attention under the Supreme Court case *California v Cabazon*. The Cabazon Band of Cahuilla Indians, formerly known as the Cabazon Band of Mission Indians, is a federally recognized tribe of Cahuilla Indians, located in Riverside County, California. The tribe has a population of approximately 806 members and is located northwest of the Twenty-Nine Palms Reservation.

The Tribe has established a successful business enterprise by owning and managing the Fantasy Springs Resort Casino and several other dining venues throughout the city. The Tribe is a member of the CVEC and a general overview of where the Tribe is located is shown on Figure 3-5.

FIGURE 3-5 – TRIBAL NATIONS IN THE COACHELLA VALLEY



3.12 Coachella Valley Association of Governments

The Coachella Valley Association of Governments (CVAG) is a regional planning agency which coordinates government services within the Coachella Valley. The three major planning departments within CVAG are: administration, energy and environmental, and transportation. The Administrative Department is responsible for overseeing administrative operations and managing the Coachella Valley Housing First program. The Energy & Environmental Department advocates for the sustainable use of natural resources and protecting the natural heritage in the Coachella Valley. The Transportation Department is responsible for the regional transportation program and the Coachella Valley Link and Coachella Valley Sync programs. CVAG currently has 15 members, including City of Coachella, Cathedral City, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, County of Riverside, and Tribal Nations.

SECTION 4

UNCERTAIN ENERGY OUTLOOK FOR COACHELLA VALLEY



UNCERTAIN ENERGY OUTLOOK FOR COACHELLA VALLEY

Since executing the 1934 Agreement of Compromise, many electrical service requirements, community priorities, economic conditions and political interests have evolved. Over the years, IID's Coachella Valley electrical service territory has experienced a tremendous amount of growth and is projected to continue in the years ahead. Today, the majority of IID's electrical service customers are in the Coachella Valley and they have expressed concerns over the existing and future electrical service outlook for their communities.

4.1 Desire for Local Representation and Control

Increasing population, system reliability, aging infrastructure, capacity limitations, electrification, new development, frequent service outages, and questions regarding timely implementation of capital improvements are among the top concerns and has driven the desire for Coachella Valley stakeholders to obtain representation on IID's Board.

With the end of the 99-year lease of power rights nearing, local officials have begun to weigh options and discuss the outlook of electrical service and ability for the Coachella Valley to obtain local representation and control over electrical service matters. The following section provides an overview of a variety of electrical service and governance structures that provide local representation and local

control over operations and services for Coachella Valley customers.

The following highlights the main concerns expressed by Coachella Valley customers receiving electrical service from IID:

- Uncertainty whether IID's low and competitive rates are sustainable.
- Frustration with system capacity limitations hampering economic development.
- Uncertain electrical service outlook for Coachella Valley due to aging facilities and capacity limitations. Unclear if facilities are properly maintained and in accordance with industry standards.
- Concern with system reliability due to frequent and extended service outages in Eastern Coachella Valley.
- Concern for how new developments will be accommodated, and what the corresponding impact would be to existing electric rates.
- Frustration with billing format and complex rate structure.
- Concern as to how overdue capital improvements will be funded, or if projects will even be implemented.

SECTION 5

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE



UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

This section examines the most common types of utility ownership models, the regulatory and governance structures these utility structures operate in, and associated implications to the electrical utility business. It should be noted that the majority of the following proposed alternative service options can be developed to “best fit” the desired level of service ownership and associated degree of governance responsibility. Figure 5-1 presents a summary of the major types of utility ownership structures.

Investor-owned

Investor-owned utilities are granted service areas by the state government over a specified service territory. Shareholders hold stock and are commonly paid dividends based on assessment of many utility factors. Leading examples include Southern California Edison, Pacific Gas and Electric Company, and San Diego Gas & Electric. This type of ownership structure is regulated within the state by the California Public Utilities Commission.

Public Power

City municipal departments, public utility district, and municipal utility district's, serve as publicly operated ownership models. Each of the publicly operated ownership models have slight differences, but generally share similar characteristics and implementation actions, therefore considered as one alternative option in this Study. Revenues are collected by the utility and subject to oversight and governance by

elected or appointed members. The public ownership structure offers the greatest opportunity for local control and representation. Municipal utilities are created by voter approval and formation can be proposed by a citizen initiative or by the legislative body.

- City-owned utilities are governed by the local city council or another elected commission with a service boundary predefined within city limits, for example Alameda Municipal Power, Moreno Valley Electric Utility, and City of Corona Utilities Department.
- Municipal Utility Districts are governed by elected officials. Municipal utility districts are authorized to serve cities and unincorporated areas, typically serving an entire county, for example Sacramento Municipal Utility District.
- Public Utility Districts are created by the community and operated under an elected board which exists solely to provide intended services, for example Trinity Public Utilities District and Kirkwood Meadows Public Utilities District.
- Cooperatives, or known as co-ops tend to be mostly in rural areas, which are private not-for-profit entities governed by a board elected by the customers within the co-op.

Supporting Ownership Models

Other entity types exist and include structures such as Generation and Transmission Cooperatives, Community Choice Aggregators, and Joint Power Agencies. These generally provide a utility structure which has responsibility over specific electrical service functions and can be formed as a standalone or combined with other ownership models presented in

this Study. These types of structures work closely with the underlying utilities and are flexible when defining roles and responsibilities. An example entity would be the M-S-R Public Power Agency and the Northern California Power Agency.



FIGURE 5-1 – OVERVIEW OF MAJOR TYPES OF UTILITY STRUCTURES



IOU

IOUs are privately owned companies granted a monopoly by the state government to provide electric, or other essential, services over their defined service territory. IOUs generate revenue through the exclusive service territories, with shareholders owning stocks and receiving dividends



Publicly Operated Utility

Publicly operated ownership models, including city-owned utilities, public utility districts, municipal utility districts, and co-ops function as non-profit, locally controlled organizations overseen by a City Council or an elected/appointed Board of Directors. Their operations require compliance with state and local regulations.



CCA

Community Choice Aggregators (CCAs) are government entities managing aspects of electricity generation and procurement. They rely on the underlying electric utility for transmission and distribution, negotiating rates and clean energy sources for customers through collective buying power. CCAs can stand alone or be combined with other models, subject to state regulations and automatic customer enrollment.



JPA

Joint Powers Agreements (JPAs) involve collaboration between government agencies to address common issues, allowing them to pool resources and powers. JPAs have separate boards and can possess powers granted by participating agencies. They offer a flexible and customizable approach for agencies to work together, whether for short-term or long-term service agreements.

5.1 Investor-Owned Utility

Majority of electricity customers in the United States are served by an Investor-owned Utility (IOU), which are private entities subject to state regulations and financed through a combination of shareholder equity and bond debt. IOU's operate as for-profit businesses and are the driving principle for this type of ownership structure. IOU's are corporate, for-profit companies that are either privately or publicly owned by shareholders. While some are owned by private equity, most IOU's are publicly owned and publicly traded. Figure 5-2 provides a summary of an IOU ownership model.

These entities are for-profit and are regulated to ensure that the interests of consumers are being preserved. Each IOU is assigned a specific franchise service territory by the regulator and is responsible for serving all consumers within that area. The franchise provided to the IOU are competitive franchises and can be competitively bid by other entities as defined by the Public Utilities Code. The CPUC provides oversight and determines the rates the IOU can charge and sets the conditions under which the utility can earn a profit. Figure 5-3 provides an overview of an IOU's governance structure. These entities tend to be large organizations that take advantage of economies of scale. Example utility types include Southern California Edison, San Diego Gas & Electric, Pacific Gas and Electric, and Arizona Public Service. Neighboring IOU's to IID are shown in Figure 5-4.

An IOU operates to achieve balance between:

- Maximizing shareholder return
- Providing reliable service to the grid
- Maintaining affordable energy service to customers

FIGURE 5-2 - INVESTOR-OWNED UTILITY OWNERSHIP MODEL



Investor Owned Utility

IOUs are private entities that operate as a for-profit business and regulated by the California Public Utilities Commission.

Utility Structure	
Ownership	Publicly traded corporation; owned by shareholders
Revenues and Profits	Revenue collected from rates resulting from utility costs that are passed through to customer; Utilities also include certain costs in their rate base on which they earn a return; return on equity (ROE) is set at approved rates and flows back to shareholders.
Management and Governance	An executive leadership team responsible to a board of directors elected by the shareholders. Management often is diffed through business units.
Regulation and Oversight	California Public utility commission (CPUC); shareholders federal and state environmental regulators.
Source of Capital	Private debt and equity investments.
Other Key Business Relationships	Independent power producers and other generators; other owners of bulk system assets; regional transmission operators/independent system operators (RTOs/ISO); adjacent balancing authorities.

5.1.1 Statutory Authority of an Investor-Owned Utility

Typically, electricity supplied by IOU's comes from a combination of self-generated power and power purchased from public and private markets. IOU's are considered monopolistic operations as they are protected from competition against other electric providers by state and federal legislation. Most IOU's sell power at retail rates to various classes of customers and at wholesale rates to other utilities, including federal, state, and local government utilities, public utility districts, rural electric cooperatives, and even other IOU's. Most IOU's follow a vertically integrated approach in delivering bundled generation, transmission, distribution and delivery services to retail customers.

Because this type of structure is privately owned and for profit, the CPUC has several programs to engage customers serviced by IOU's in CPUC proceeding and decision-making. The following programs are offered by the CPUC:

- Consumer Affairs Branch to help resolve disputes between customers and their utility provider.
- Public Advisors Office to offer information on how to participate in CPUC proceedings.
- Business and Community Outreach Office to work and inform local communities on how to get involved with CPUC programs and policy making.
- Small Business Program to allow for business opportunities with state and local governments.

- Supplier Diversity Program to administer programs encouraging utilities to spend more than 20 percent of contracts to businesses owned by women and minorities.
- Low Income Oversight Board to help ensure utility companies serve low-income customers with helpful programs and partnerships.
- Disadvantaged Community Advisory Group to advise the California Energy Commission on issues related to environmental justice and social equity.

5.1.2 Funding for an Investor-Owned Utility

Revenue is collected from rates resulting from the utilities costs that are passed through to its customers, including additional costs to provide a return on equity back to shareholders. All functions of an IOU are regulated with oversight by the CPUC, including state and federal environmental regulations.

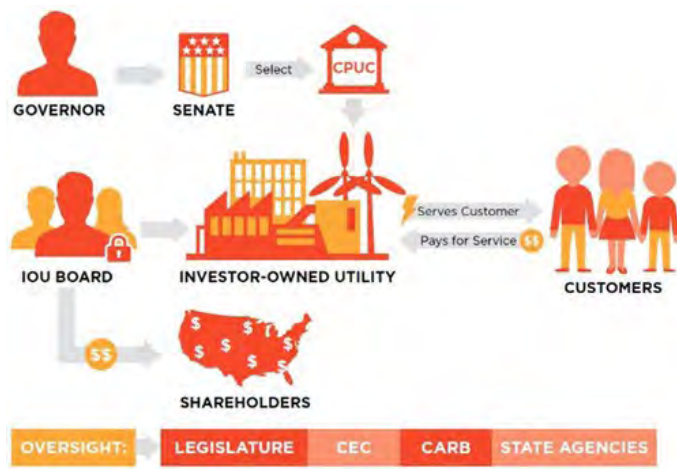
5.1.3 Role of the California Public Utilities Commission

The CPUC is a regulatory agency responsible for overseeing privately owned public utilities within the state of California. The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services.

CPUC regulatory services include:

- Auditing, accounting, financial, advisory, and law and Commission directive compliance monitoring.
- Enforcement and Citation to ensure statutory mandates are carried out and that ratepayers and the public are protected from safety, reliability, service quality, and other violations.
- Energy Licensing to register Electric Service Providers (ESPs) and Community Choice Aggregators (CCAs).

FIGURE 5-3 – INVESTOR-OWNED UTILITY GOVERNANCE STRUCTURE



Source: California Municipal Utilities Association

5.1.4 Factors that Support the Formation of an Investor-Owned Utility

The CPUC, as the underlying regulatory agency for California, oversees all investments and costs expended by IOU's, including regulatory decisions over what is included in the utilities' rates and the allowable rate of return. With several industry trends challenging the traditional

ownership structures, primarily the need to implement necessary upgrades to system infrastructure and operations, this is forcing regulators to reassess how IOU's can deliver sufficient shareholder profit and maintain adequate bond ratings, while meeting new policy and customer objectives.

Adding to those demands, community choice aggregation and municipalization trends are putting pressure on IOU's to better meet customer needs or face the possibility of losing customers.

5.1.5 Factors that Could Challenge the Formation of an Investor-Owned Utility

Revenue is collected from rates resulting from the utilities costs that are passed through to its customers, including additional costs to provide a return on equity back to shareholders. All functions of an IOU are regulated with oversight by the CPUC, including state and federal environmental regulations.

2022 California Code

Public Utilities Code - PUC

DIVISION 3 – Public Utility Franchises by Local Governments

DIVISION 5 – Utilities Owned by Municipal Corporations

FIGURE 5-4 – LOCATION OF IOUS IN CALIFORNIA



5.2 Municipal Utilities, Public Utility Districts, and Cooperatives

City municipal departments, public utility district, and municipal utility district's serve as publicly operated ownership models. Publicly operated ownership models operate as non-profit organizations subject to oversight by a City Council or an elected or appointed Board of Directors. In addition to compliance with state and local regulations, the creation and operation of Municipal Utility Districts are contingent on obtaining voter approval. Figure 5-5 provides a summary of a publicly operated ownership model.

Public power utilities operate under the following principles: not for profit, community owned, and locally controlled. Each of the publicly operated ownership models have slight differences, but generally share similar characteristics and implementation actions, therefore considered as one alternative option in this Study. Deciding which ownership model will be dependent on Stakeholders desire of forming a utility serving a specific geographic area (potentially creating multiple utilities within existing jurisdiction limits) or an entity that can serve the greater Coachella Valley service territory.

Before a public utility can begin operations, they must comply with many state and local laws, which generally determine the types and the manner in which services could be provided. In California, state and local provisions authorize the creation of municipal utilities - specifically, the California Constitution (Article XI, Sections 5

and 9), Government Code Sections 6500 through 6599.2, and the Public Utilities Code (Division 6, Section 11501, et seq.) which applies exclusively to Municipal Utility Districts. The Public Utilities Code (Section 10002) separately addresses the acquisition of an IOU service territory in the event of acquisition by eminent domain.

Public power comes in a variety of structures, including:

- City-owned utilities are governed by the local city council or another elected commission.
- Municipal Utility Districts are governed by elected officials. Municipal utility districts are authorized to serve cities and unincorporated areas, typically serving an entire county.
- Public utility districts are utility-only governance agencies, governed by a board of directors elected by voters within its service territory. Public utility districts can only serve unincorporated county territory.
- Cooperatives, or known as co-ops tend to be mostly in rural areas, which are private not-for-profit entities governed by a board elected by the customers within the co-op. This ownership model can be standalone or combined with other ownership models presented in this Study.

Public power also exists in a variety of other forms, including entities such as Native American tribes, irrigation districts, mutual power associations and other public formed entities which can also provide electricity service to customers. IID is a public entity providing electrical service pursuant to the

Irrigation District Law (California Water Code sections 20500 et. Seq.).

2022 California Code Public Utilities Code - PUC

DIVISION 6 – Municipal Utility District Act (or “MUD Act”) of the State of California (California Public Utilities Code Section 11501 et seq.).

FIGURE 5-5 – PUBLICLY OPERATED UTILITIES



Utility Structure	
Ownership	Public power comes in a variety of structures, they generally share the same characteristics and include member-owned (co-ops), city-owned municipal utility, municipal utility district, and public utility district.
Revenues and Profits	Revenue collected from rates resulting from utility costs that are passed through to customers. Revenue is derived from three basic sources; taxes, benefit assessments, and service charges.
Management and Governance	An executive leadership team responsible to a city council, or board of directors who are appointed or elected officials.
Regulation and Oversight	Oversight provided by City Council or an elected or appointed Board of Directors
Source of Capital	Issuing debt and repayment of general obligation bonds by voter approval.
Other Key Business Relationships	Democratically governed with public policy objectives and customer expectations to have direct influence over the operations of the utility.

5.3 Municipal Utility Districts

A Municipal Utility District is also a special-purpose government entity that provides utility services within a specific geographic area. However, Municipal Utility Districts are typically created by local governments, such as cities or counties, through the establishment of a district. Municipal Utility Districts are generally limited to serving areas within the jurisdiction of the creating local government.

Municipal Utility Districts are governed by elected officials and are authorized to serve cities and unincorporated areas, typically serving an entire county. Division 6 of the Public Utilities Code (Chapter 6 of the Municipal Utility District Act) addresses the power and functions of a Municipal Utility District. Any public agency together with unincorporated territory, or two or more public agencies, with or without unincorporated territory; public agencies and unincorporated territory included within a district may be in the same or separate counties and need not be contiguous; no public agency shall be divided in the formation of a district.

Municipal Utility Districts Principle Enabling Act: Public Utilities Code §11501 et seq.

Municipal Utility Districts have the following distinguishing characteristics:

- Constitute a form of local government.
- Have a governing Boards of Directors.
- Provides public services and facilities.
- Authorized to serve cities and unincorporated areas, typically serving

an entire county or greater service territory.

The various legal forms of each publicly operated ownership model all share the same attributes of local governance and accountability. Section 5.4.2 provides an overview of the general characteristics of a Municipal Utility District.

5.3.1 Formation of District

Forming a new publicly owned utility takes an extended amount of time, funding, and requires the commitment of the community and its elected officials. The process can take several years and involves many steps. Several of the steps can proceed concurrently, but educating the community is likely to be an ongoing process, starting early and adapting throughout the process. The following section outlines steps necessary in forming a Municipal Utility District according to the Public Utilities Code: Division 6, Chapter 2. Additional details are also provided in Section 6 outlining key determinations as Stakeholder advance potential consideration of an alternative ownership and governance model for the Coachella Valley territory.

Article 1 - Eligible Entities: Any public agency, alone or with unincorporated territory, or multiple public agencies, can form a municipal utility district. These entities do not need to be contiguous and cannot divide existing public agencies during formation.

Article 2 and 3 - Formation Request: This can be accomplished by either Resolution or Petition. By Resolution: Half or more of the involved public agencies can pass resolutions declaring the need for the district. These resolutions outline the utility purpose and proposed boundaries.

By Petition: Instead of resolutions, a petition signed by at least 10% of voters within the proposed district can be submitted, stating the necessity for the district. Each signer must confirm the authenticity of their signature through an affidavit, which will be confirmed by the clerk of the Board of Supervisors.

Article 4 - Election Call: Upon receiving certified copies of resolutions or petitions, the board of supervisors will divide the proposed district into wards, publish election notices, and provide written notification of the election call to the executive officer of the Local Agency Formation Commission in which the majority of the proposed district is located.

The executive officer will provide an impartial analysis and arguments for and against the district's formation. The Board of Supervisors, or eligible voters, within the proposed district may also file arguments for and against the proposed district's formation.

Candidates receiving the most votes in each ward become Directors if they are residents and voters of the district. Vacant positions, if caused by elimination of a territory in the proposed District, will be appointed by remaining elected directors.

Article 5 – Establishment: A certified copy of the order declaring the election results is filed with the Secretary of State by the Board of Supervisors, completing the district's establishment.

Article 6 – Contest of Incorporation: Mistakes or informalities, not adversely affecting the rights of any citizen, will not affect the District formation. Challenges to the incorporation must be made within three months from filing the election results; otherwise, the incorporation is considered valid and legally binding.

5.4 Public Utility Districts

State law defines a Public Utility District as any agency of the state for the local performance of governmental or proprietary functions. A Public Utility District represents a distinct local government unit dedicated to delivering a specific range of public services within a geographically defined area, capable of serving unincorporated county territory.

Public Utility Districts have the following distinguishing characteristics:

- Constitute a form of local government.
- Have a governing Boards of Directors.
- Provides public services and facilities.
- Have defined boundaries with the ability to serve unincorporated areas.

Public Utility Districts have fundamental powers similar to counties and cities. Their legal jurisdiction allows them to sign contracts, engage in hiring practices, and procure real estate through either purchase or the power of eminent domain. Within the

boundaries of existing legislation, they are also authorized to issue bonds, impose special taxes, levy benefit assessments, and impose service fees. The ability to finance capital improvements is a key element in determining if this alternative option would address stakeholder needs. In other words, if ownership of assets and facilities is a desired outcome, this alternative option should be considered.

Similar to other forms of governance, Public Utility Districts have the capacity to initiate legal proceedings as well as be subject to litigation. These local agencies function with the objective of delivering distinct services to designated communities. Although they function as self-governed entities, they are responsible to the electorate within their jurisdiction. A Public Utility District operates under the purview of state regulations subject to the oversight by state officials who, for example, require annual financial reports to be submitted to the State Controller's Office. Utility Districts are obliged to abide by state laws regarding special taxes, bonded debt, public hearings, public records, and elections.

5.4.1 Formation of District

Similar to the formation of a Municipal Utility District, forming a new Public Utility District takes an extended amount of time, funding, and requires the commitment of the community and its elected officials. The process can take several years and involves many steps. Several of the steps can proceed concurrently, but educating the community is likely to be an ongoing process, starting early and adapting throughout the process. The following

section outlines steps necessary in forming a Public Utility District according to the Public Utilities Code: Division 7, Chapter 2. Additional details are also provided in Section 6 outlining key determinations as Stakeholder advance potential consideration of an alternative ownership and governance model for the Coachella Valley territory.

Article 1 – Petition for Formation: Residents of unincorporated territory must present a petition describing the territory and signed by registered voters equal to 15 percent of the votes cast for the Governor in the last general election. The petition must specify the proposed district's boundaries and name, including the words "public utility district." Each signer must include their address.

The county elections official examines and verifies the signatures within 30 days. If insufficient, a supplemental petition can be filed within 10 days. If needed, the petition can be amended by a supplemental petition filed within 10 days from the date of the insufficient certificate.

Exclusion and Inclusion: Property owners can request exclusion from the proposed district, and adjoining landowners can request inclusion.

Article 2 – Hearing: The Board of Supervisors sets a hearing date within 15 days after final publication of the notice. The petition and hearing details are published in local newspapers. The Board can make boundary changes based on the hearing and petitions received.

Article 3 – Election: The Board of Supervisors calls a special election, specifying the purpose, time, election precincts, polling places, and election officers. The election is held at least 74 days after the ordinance's publication. Notification of the election is sent to the Local Agency Formation Commission. An impartial analysis of the proposed district is prepared by the executive officer of the Local Agency Formation Commission and distributed to voters. The Board of Supervisors, or eligible voters, within the proposed district may also file arguments for and against the proposed district's formation.

A ballot pamphlet is created, including the proposition text, impartial analysis, arguments for and against the district formation. The ballot includes the district's name and a yes/no vote option for its creation.

Article 4 – Establishment of the District: The Board of Supervisors examines the certificates of the election results. If a majority in each unincorporated territory votes in favor, the Board declares the district's incorporation. Duplicate certificates and the order of incorporation are filed with the Secretary of State, county recorder, and county elections official. Upon filing of the duplicate roll, the district is officially incorporated with all the rights and powers outlined in the statutes.

Article 5 – Contest of Incorporation: Challenges to the incorporation must be made within 20 days after the date of the certificate of incorporation. After this period, the incorporation is considered valid and legal. Contests are heard in the Superior

Court of the county where the district is primarily located. Appeals, if any, are expedited in the Supreme Court.

Article 6 – Verification Deputies: Verification deputies, who verify signatures, must reside within the area of the proposed district and are appointed by county elections officials or district clerks based on written applications from 5 to 10 qualified electors. Verification deputies serve for 90 days and must file an oath detailing their qualifications before appointment.

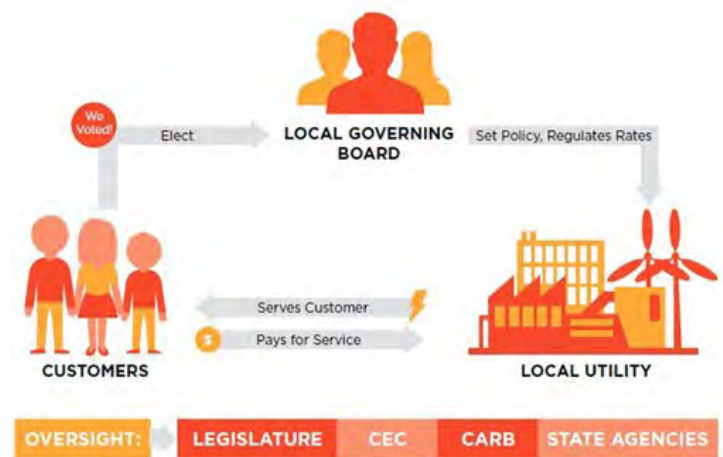
The various legal forms of each publicly operated ownership model all share the same attributes of local governance and accountability. The following sections provide an overview of the general characteristics for all public power ownership models.

5.4.2 Statutory Authority of a Publicly Owned Utility

Publicly owned utilities operate either under a principal act or a special act. A principal act is a generic statute which applies to all Public Utility Districts. Occasionally, local circumstances don't fit the general conditions anticipated by the principal acts and would require new legislation. In those cases, the Legislature can create a special act district that's tailored to the unique needs of a specific area. Public Utility Districts, which are regional in nature, collaborative among multiple parties, have unique governing board requirements, provide specific services, or need special financing are typically special act districts. All principal acts are state law in the California state

codes, whereas most special acts are not codified - written laws passed by the legislative and administrative bodies. Public Utility Districts are locally controlled utilities, governed by either an independently elected Board or a Board appointed by registered voters within the utility's jurisdictional boundary. Figure 5-6 provides an overview of a Public Utility Districts governance structure.

FIGURE 5-6 – PUBLIC UTILITY DISTRICT GOVERNANCE STRUCTURE



Source: California Municipal Utilities Association

5.4.3 Funding for a Publicly Owned Utility

As with any government agency, a publicly owned utility requires money to operate and to perform main functions such as: Administration, Operations and Maintenance, and Capital Improvements.

Public Utility Districts operate autonomously compared to municipal

utilities. Because these entities operate independently of municipal control, they can exercise more budgetary control. Regardless, any new utility district will face a significant financial challenge from start-up and operational costs. Given these circumstances, Public Utility Customer customers could experience increased utility costs.

Publicly owned utilities are subject to many regulations and processes involving state and local laws, as well as involvement by voters, who not only approve their formation, but also approve the utility's ability to provide service, make investments, and financing.

Publicly owned utilities generate revenue from three basic sources: taxes, benefit assessments, and service charges.

General taxes: When the voters amended the California Constitution by passing Proposition 13 (1978), they stopped local officials from levying separate property tax rates. Instead, county officials collect a uniform 1% property tax rate and allocate the resulting revenues to other local governments, following complicated formulas in state law. Most Special Districts get a share of these general property taxes. Proposition 218 (1996) constitutionally prohibited Special Districts from levying their own general taxes.

Special taxes: Special Districts may levy special taxes with 2/3-voter approval. Often called “parcel taxes,” these special taxes are usually a flat amount for each lot or each acre of ground. These are also known as Community Facilities Districts (CFD), a method of financing public improvements

and services when no other source of funding is available. A CFD may be established by any County, City, Special District or Joint Powers Authority, pursuant to California Government Code §53311-53368.3 (The Mello-Roos Community Facilities Act of 1982). The CFD special tax is assessed against the property but is not based on the assessed value of the property. This makes it a viable option to secure funding despite the limitations imposed by Proposition 13. Utility officials will need to develop a comprehensive debt policy to establish financial policies and principles.

Benefit assessments: Many Special Districts can charge benefit assessments to pay for operating and maintaining public facilities and service programs that directly benefit property. Proposition 218 (1996) required assessment amounts to reflect the “proportionate special benefit” that the property receives. Benefit assessments are constitutionally distinct from taxes in several important ways. One key difference between assessments and taxes is that the affected property owners must give their approval for benefit assessments in a weighted-ballot election while special taxes require the voters' approval.

Service Charges: Special Districts that run enterprise activities or deliver specific services can pay for their activities through monthly rates and service charges.

Publicly owned utilities create debt to borrow the money they need for capital projects and paying off their general obligation bonds with higher property tax rates that require 2/3-voter approval. More unique borrowing opportunities include

certificates of participation, promissory notes, and loans from the state and federal governments.

5.4.4 Oversight and Regulation of a Publicly Owned Utility

Publicly owned utilities obtain authority directly from the community they serve through a governing body that serves independently from other government agencies. City-owned utilities are governed by the local city council or another elected commission, while Municipal Utility Districts are governed by elected officials. Public Utility Districts are governed by a constituent-elected Board of Directors. In some cases, the Board may be appointed by one or more other local elected officials, so long as the board members serve fixed-terms and none of the board members serve in an ex-officio capacity.

California Government Code

Section 1099 - Incompatible offices for publicly appointed or elected government officials.

5.4.5 Factors that Support the Formation of a Publicly Owned Utility

Publicly owned utilities operate not-for-profit and are governed democratically by the local City Council (as Municipal Owned Utility) or by an elected/appointed Board of Directors. This structure allows public policy objectives and customer demands to have direct influence over the operations of the utility. The ownership structure of a publicly owned utility allows for the entity to define

its role and responsibilities pertaining to electrical service provisions.

5.4.6 Factors that Could Challenge the Formation of a Publicly Owned Utility District

Public Utility Districts often face the question of how to pay for investments if local policy or future assumptions are not realized. The possibility of these investments becoming stranded assets is a major concern, given that all risk falls on the utility and its ratepayers. Regarding service territory, if the proposed service area for the publicly owned utility will include territory outside of unincorporated areas, such as cities, a Public Utility District is not a legally defined ownership structure under current law, a Municipal Utility District will need to be pursued. Additionally, these structures could also present challenges associated with existing elected officials and their ability to hold more than one public office under California Government Code 1099.

In addition, public ownership models require an election within the proposed district area, the district will be divided into wards and popular vote will be used to elect Board Members. Stakeholders which consist of limited populations, such as Tribal Nations and various unincorporated communities will be at a disadvantage to securing an elected position.

5.5 Electric Cooperatives

Electric Cooperatives (Co-op) emerged as a result of the Rural Electrification Administration (REA) established by President Franklin D. Roosevelt in 1935. The

Executive Order establishing the REA and the passage of the REA Act, marked the first steps in a public-private partnership that helped bring electric power to businesses and communities willing to organize cooperatively and accept responsibility of providing safe, affordable and reliable electric power.

2021 California Code

Public Utilities Code - PUC

DIVISION 1 - REGULATION OF PUBLIC UTILITIES

PART 2 - SPECIFIC PUBLIC UTILITIES

CHAPTER 5 - Electrical Cooperatives

A Co-op refers to any private corporation or association organized for the sole purpose of transmitting or distributing electricity exclusively to its stockholders or members at cost.

In most cases Co-op's are able to purchase their wholesale power from non-profit entities, their own generation and transmission Co-op's, or from other federal agencies. Electric Co-op's have access to competitive financing, either through their own Cooperative Finance Corporation (CFC), a Co-op owned and operated by and for the electric Co-op's of America, as well as access to more traditional forms of external funding. CFC's tend to have consistently high credit ratings, and therefore, they are able to borrow at lower rates.

For Co-op's that serve remote rural areas, there is potential access to alternative financing from the United States Department of Agriculture, now known as Rural Utility Services (RUS). This federal

agency gives Co-op's additional access to low-cost financing to help build rural distribution and transmission lines, and new generation plants. In California, Co-op communities only have access to RUS loans and programs through the three distribution Co-op's, Anza, Plumas-Sierra and Surprise Valley, when combined, serve less than one percent of the electricity load in the state. Electric Co-op's collaborate closely through the National Rural Electric Co-op Association (NRECA) to take advantage of ways to reduce operating costs.

5.5.1 Oversight and Regulation of Cooperative

Co-op's function as non-profit entities that are customer-owned and governed by an elected or appointed Board of Directors. This type of structure anchors firmly in the communities they serve and allows its members to closely regulate business functions. California's electric Co-op's are established for the purpose of transmitting or distributing electricity exclusively to its customers at cost and are regulated by the California Public Utilities Code, Section 2779.

5.5.2 Factors that Support the Formation of a Cooperative

Similar to Municipal Utilities, Co-op's operate as not-for-profit entities and must have sufficient capital to support their operations, maintain infrastructure, and invest in new initiatives. Any net earnings are typically returned to the customers, who are also owners and members of the Co-op. As member owners, customers have the potential to be key drivers of change for the

utility. Each member votes annually for members on its Board of Directors who have oversight and set policy for the utility. This ownership structure is less flexible compared to the other structures, as it is typically formed to provide specific services and must rely on the underlying utility for services not responsible of the Co-op.

5.5.3 Factors that Could Challenge the Formation of a Cooperative

Lack of access to capital, need for short-term affordability, and staffing expertise are often challenges for newly formed Co-op's. Co-op's could also be dependent on other utilities depending on the Co-op's desire to be a vertically integrated utility or specific to either generation, transmission, and/or distribution services and assets. Depending on the desire and policy of the utility, Co-op's could be restricted in their ability to secure local low-cost renewable energy, if contracts are secured with an outside utility for generation or transmission services.

5.6 Community Choice Aggregators

Community Choice Aggregators (CCA) are governmental entities, cities, counties, or other eligible organizations that have opted to assume responsibility for certain aspects of their electricity generation, procurement, distribution, and sales to local residents within the service area of an IOU. It should be noted that a CCA could potentially be allowed if residents are served outside of the underlying utilities jurisdictional boundary, such as in the case of IID and their Coachella Valley service territory. It is strongly


recommended that stakeholders seek legal guidance on applicable state laws or the need to pursue enabling legislation if this ownership model is pursued. It is important to note that CCA's are not IOU's. CCA's are not-for-profit entities that rely on the underlying utility for several services, including the use of its transmission and distribution system to deliver electricity, as well as providing maintenance, meter reading, and billing services to CCA customers. Figure 5-7 provides a summary of a CCA ownership model.

- Enables local governments to aggregate electricity demand within their jurisdictions to procure electricity for its customers at cost.
- The underlying service provider provides transmission and distribution services, and continues to provide all metering, billing, collection, and customer service to retail customers that participate in a CCA.
- Any city or county is eligible to form a CCA if located in an IOU territory, or potentially served outside of the underlying service provider's jurisdiction. Cities and counties that are part of a Publicly Owned are not eligible to form a CCA, as they are already governed by a local board.

The term “aggregate” refers to the process of bringing together the electricity demand of multiple customers within a specific geographic area, in order to purchase or generate electricity for those customers collectively. This aggregation allows local governments to leverage the collective buying power of their communities to negotiate better rates and procure clean

energy sources for their customers. CCA's may be run directly by a city or county government, or by a third party through a contractual arrangement with a Joint Powers Agreement. Once a CCA program is established or implemented, state regulations require that customers located within the member jurisdiction of the CCA be automatically enrolled in the program, unless they opt-out. In some cases, a CCA may opt to gradually introduce its program, enrolling customers at different intervals. Figure 5- 8 provides an overview of a CCA's governance structure.

FIGURE 5-7 – COMMUNITY CHOICE AGGREGATES MODEL



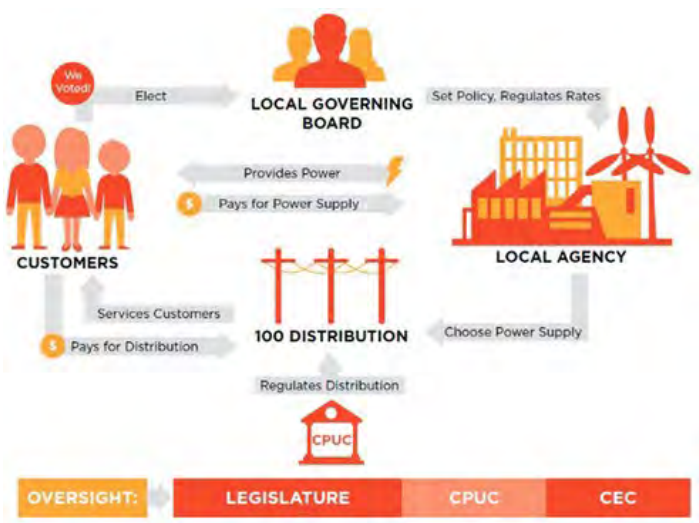
Community Choice Aggregates

CCAs operate as local, non-profit entities that rely on the underlying utility for certain aspects of their electricity generation, procurement, transmission, distribution, and sales.

Utility Structure	
Ownership	Governmental entities including cities, counties, or other eligible organizations. Can be a group of cities or counties and expanded through Joint Powers Agreement.
Revenues and Profits	Self-funded, not-for-profit public agency created to ensure that any financial benefits directly serve its community members. Once launched, a CCA is completely funded by program revenue.
Management and Governance	Managed directly by a city or county government; option for third party management through a contractual arrangement through a Joint Powers Agreement.
Regulation and Oversight	Oversight provided by boards or city council; regulated by Public Utilities Commission in limited instances; federal and state environmental regulators
Source of Capital	Financed by member agencies, banks or other lenders and paid back once revenue from the sale of electricity accumulates.
Other Key Business Relationships	Communities can join together to pool (or aggregate) their electricity load in order to purchase clean energy and develop local projects and programs on behalf of their residents and businesses.

For the purposes of this Study, this ownership model can be standalone or combined with other ownership models presented in this Study. The ultimate composition of the preferred ownership structure for the Coachella Valley territory will be dependent on the desired roles and responsibilities of each stakeholder and desire for a local or regional approach for electricity service. Some examples of CCA's include the Central Coast Community Energy< Redwood Coast Energy Authority, and Silicon Valley Clean Energy. These entities are CCA's formed and expanded through a Joint Powers Agreement and utilize the underlying service provider for services outside of the CCA's responsibility.

FIGURE 5-8 – COMMUNITY CHOICE AGGREGATORS GOVERNANCE STRUCTURE



Source: California Municipal Utilities Association

5.7 Joint Powers Authority

The term "joint powers" is used to refer to the collaboration between government agencies that have joined forces to solve common problems by pooling their resources and powers. Joint Powers Agreements (JPA's) provide an alternative method for governments to deliver services. The acronym JPA stands for Joint Powers Agreement, Joint Powers Agency, or Joint Powers Authority.

Publicly owned utilities often partner together to establish a JPA. The utilities are legally distinct that allow for two or more publicly owned utilities to jointly exercise common powers in accordance with the Joint Exercise of Powers Act, California Govt. Code section 6500 and special legislation.

Public officials of two or more public agencies are able to assert joint powers when forming a new legal entity and when establishing a joint approach in tackling a common issue, financing a project, or acting as a representative body for a particular activity, such as electrical provisions. In California, such powers can be exercised by federal agencies, state departments, counties, cities, Special Districts, school districts, redevelopment agencies, and other joint power organizations. Example JPA include Southern California Public Power Authority and Northern California Power Agency.

JPA's have separate Boards from their member utilities and can be granted any of the powers possessed by their participating agencies. The formation of a JPA not only provides a creative approach to public

service, but also enables Public Agencies to provide services more efficiently and cost-effective. Figure 5-9 provides a summary of a JPA ownership model.

FIGURE 5-9 - JOINT POWERS AUTHORITY MODEL



Joint Powers Authority

JPA is used to refer to the collaboration between government agencies that have joined to solve common problems by pooling their resources.

Utility Structure	
Ownership	Governmental entities including cities, counties, or other eligible organizations. Member agencies agree to work together to jointly exercise common powers.
Revenues and Profits	Self-funded, not-for-profit public agency created to ensure that any financial benefits directly serve its community members. Once launched, a CCA is completely funded by program revenue.
Management and Governance	Board of Directors separate from their member agencies. JPAs can be granted any of powers possessed by their participating agencies.
Regulation and Oversight	JPAs can exercise only those powers that are common to their member agencies. The governance structure depends on what the members agree to, and legal authority comes from the Joint Exercise of Powers Act.
Source of Capital	Financed by member agencies, taxes, bonds, and fees. Special taxes are issued by forming a Community Facilities District. A Public Financing Authority can also be established for the purpose of issuing tax-exempt and taxable bonds for funding capital improvements.
Other Key Business Relationships	JPAs allow for two kinds of arrangements: the first allows two or more public agencies to contract to jointly exercise common powers, and second allows two or more public agencies to form a separate legal entity.

5.7.1 Joint Powers Agreement

In a JPA, member agencies agree to work together to provide a service, and one agency may take the lead in delivering that service on behalf of the others. A JPA is designed to be flexible and highly customizable, such that it can be adapted to meet the specific requirements of each participating agency. The agreement can range from short-term, long-term, or perpetual-service agreements. In general, JPA's are formed to issue debt, potentially reduce liability to the members, and/or exercise a common power of the members to provide a regional service.

In situations where the agreement necessitates a significant allocation of resources from one agency, additional staff may be necessary to ensure effective delivery of the services provided by the JPA.

5.7.2 Joint Powers Agency and Authorities

An alternative way to exercise joint powers is to create a distinct entity separate from the member agencies using a JPA. A JPA can create a new, and separate government organization created by the member agencies, but is legally independent from them. A Joint Powers Agency shares powers common to the member agencies, and those powers are outlined in the JPA. You can establish JPA's specifically to arrange for only capital financing, or create a fully integrated utility by acquiring assets, implementation CIP and having authority over associated service responsibilities. Roles and responsibility of the JPA is determined by its membership.

5.7.3 Statutory Authority of a Joint Powers Authority

A JPA obtains authority to work together from a state law called the Joint Exercise of Powers Act. JPA's can exercise only those powers that are common to their member agencies. JPA meetings are open to the public and subject to the Ralph M. Brown Act. Further, JPA's must follow the Public Records Act, the Political Reform Act, and other public interest laws to ensure political transparency.

The California Government Code Section 6502 provides that, if authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties, including and not limited to, the authority to levy a fee, assessment, or tax, even though one or more of the contracting agencies may be located outside this state.

The Joint Exercise of Powers Act authorizes two kinds of JPA arrangements:

- The first allows two or more public agencies to contract to jointly exercise common powers.
- The second allows two or more public agencies to form a separate legal entity. This new entity has independent legal rights, including the ability to enter into contracts, hold property and sue or be sued. Forming a separate entity can be beneficial because the debts, liabilities, and obligations of the JPA belong to that entity, not the contracting parties.

Since there are two different JPA arrangements available for consideration,

the ultimate type will be dependent on Coachella Valleys desire to secure electricity service. This could potentially be accomplished by initially forming a CCA and potentially expanding future service responsibilities with or without IID electricity provisions,

The formation of a JPA is relatively uncomplicated, requiring only the signing of a joint powers agreement by the member agencies. A JPA begins when public officials negotiate a formal agreement that spells out the member agencies' intentions, the powers they will share, and other mutually acceptable conditions that define the intergovernmental arrangement. Each member agency's governing body then approves the joint powers agreement. An agreement that creates a new joint powers agency describes the size, structure, and membership of the JPA's governing board and documents the JPA's powers and functions.

5.7.4 Funding of a Joint Powers Authority

State law allows a JPA to issue revenue bonds without voter approval, provided that each of the JPA's member agencies adopts a separate local ordinance. A city, for example, needs majority-voter approval to finance the expansion of its sewer plant with revenue bonds. On the other hand, if the city and IID created a JPA, the JPA could issue the revenue bonds without voter approval if the City Council and the District's Board of Directors adopted authorizing ordinances.

As with any government agency, a JPA needs money to operate and there are two popular funding methods: first is to create a revenue stream, and second would be to raise capital by issuing bonds or special tax by forming CFD's in partnership with its members. Although JPA's do not need voter approval before issuing bonds, each member agency must pass an ordinance.

Those ordinances face a 30-day period in which voters can object by signing referendum petitions that trigger an election. If there is no referendum petition or if the petition fails to qualify, the JPA can sell the bonds and use the proceeds to build improvements or buy equipment. JPA's that provide financing and sell bonds for multiple agencies pay for their operations by collecting fees from their member agencies.

A CFD is a method of financing public improvements and services when no other source of funding is available. A CFD may be established by any County, City, Special District or JPA, pursuant to California Government Code §53311-53368.3 (The Mello-Roos Community Facilities Act of 1982). The CFD special tax is assessed against the property but is not based on the assessed value of the property. This makes it a viable option to secure funding despite the limitations imposed by Proposition 13. Officials will need to develop a comprehensive debt policy to establish financial policies and principles. The process to administer a CFD shall be in accordance with applicable Government Codes.

5.7.5 Public Financing Authority

In addition to the financing options presented above, the JPA can also form a Public Financing Authority (PFA), established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt and taxable bonds for funding capital improvements. Bonds issued by this JPA provide the capital to build public facilities and the costs will be paid back over time by the Authority and from the revenue generated by the projects. The PFA may issue bonds and loan the proceeds to one or more of its member agencies who are responsible for the debt service. An example of this JPA structure includes the recently adopted City of Indio and IID JPA which formed a PFA for financing capital improvements.

5.7.6 Oversight and Regulation of a Joint Powers Authority

The formation of a JPA begins with a formal agreement that specifies the members' intentions, the powers that they will share, and other mutually acceptable conditions that define administration arrangements.

JPA's can exercise only those powers that are common to their member agencies. A JPA's governance structure depends on what the members agree to. The legal authority for all JPA's comes from the Joint Exercise of Powers Act.

5.7.7 Factors that Support the Formation of a Joint Powers Authority

Similar to Public Utility Districts and Co-op's, JPA's are also not-for-profit and must have enough capital to support operations, maintain infrastructure, and invest in new initiatives. JPA's are flexible and allows any government agency to participate, the Joint Powers Act permits its member agencies to negotiate their level of commitment and structure their own governing Boards. JPA's also allow for the ability to finance capital improvements and authorize purchase agreements. In addition, JPA's do not require a popular elected vote for elected positions, this would be advantageous to stakeholders which reside within areas with limited population, providing equitably representation from all JPA members.

5.7.8 Factors that Could Challenge the Formation of Joint Powers Authority

JPA's require mutual trust to form. Getting separate public agencies to cooperate can be difficult because each organization has its own powers, purposes, and politics. If a member agency decides to terminate their agreement, the departure can harm the JPA's long-term financial strength and purchasing capabilities.

Under current law, members of the JPA can exercise only those powers that are common. Since existing service is provided outside of the underlying utilities jurisdiction, and if the ultimate arrangement of the JPA will pursue electrical service responsibilities; the members are encouraged to seek legal

advisement to determine if service responsibilities can be pursued to meet the specific needs of the membership. Enabling legislation could also be required to avoid a members eligibility to participate in the JPA, such as Tribal Nations and/or the County.

5.7.9 Comparison Between a Joint Powers Authority and Public Utility District

The comparison in Table 5-1 that follows summarizes the differences and similarities between a JPA and a Public Utility District.

TABLE 5-1 – COMPARING A JOINT POWER AUTHORITY AND PUBLICLY OPERATED UTILITY

	Joint Power Authority	Publicly Owned Utility
Purpose	<p>Generate Saving to Customers</p> <p>Provide Reliable Service</p> <p>Provides Local Control and access to wholesale power</p>	<p>Generate Saving to Customers</p> <p>Provide Reliable Service</p> <p>Provides Local Control and access to wholesale power</p>
Statutory Authority	<p>California Constitution (Article XI, Sections 5 and 9)</p> <p>Public Utilities Code (Section 10002) regarding the acquisition of IOU service territory.</p> <p>Government Code (Sections 6500-6599.2)</p>	<p>Public Utilities Code (Sections 11501-14403.5), Public Utilities Code (Section 10002), and Public Utilities Code (Sections 15501-18055)</p> <p>Local Government Reorganization Act of 2000 (applies to electric MUDs).</p> <p>Government Code (Sections 6500-6599.2)</p>
Governance	<p>If the member is a city department, it can be governed by the city's legislative body or appointees of the legislative body (and City Mayor, in some cases), or governed by an elected or appointed board, the JPA board either operates independently or with oversight by the legislative body.</p> <p>Members of the JPA can exercise only those powers that are common.</p>	<p>Governed by an elected independent utility board serving in staggered terms and elected by district residents.</p> <p>Directors have decision-making authority over all major functions of the utility.</p> <p>Municipal Utility Districts are authorized to serve cities and unincorporated areas, Public Utility Districts can only serve unincorporated areas.</p>

SECTION 6

STUDY APPROACH AND ANALYSIS



STUDY APPROACH AND ANALYSIS

To assist with the development and analysis of the alternative service and governance options, extensive stakeholder outreach was conducted. Stakeholder discussions established foundational objectives that provide insight to how well each alternative option performs against status quo and stakeholder interests. The following section overviews the outreach effort and feedback received for the development of the Study.

6.1 Stakeholder Outreach and Feedback Received

One of the most important aspects when identifying potential alternative service and governance options is to gain a clear understanding of the needs of the entire electrical service territory. In October 2022, the Study initiated a task to engage with an extensive roster of Coachella Valley stakeholders located in IID's extended electrical service territory. This list of stakeholders was provided by the Riverside and Imperial LAFCO's. To generate thorough feedback from the maximum number of stakeholders, the outreach effort involved a comprehensive electrical service questionnaire and a series of stakeholder discussions. Outreach materials are included in Appendix D.

6.1.1 Data Request for Coachella Valley Subdivision

In preparation for outreach, a request for data was generated seeking to collect enough information to construct the

electrical service Study objectives. Data was requested from IID and from each stakeholder, the following items were requested:

- IID cost of service and financial reports.
- Capital improvement plans.
- Conditional assessment studies and asset information.
- Top energy users.
- Historical generation and demand projections by subdivision.
- Associated energy related planning studies prepared by IID and stakeholders.

To allow for a successful stakeholder driven input process, outreach was designed to address the following key topics:

- Identify critical items and key topics.
- Understand concerns and drivers for electrical service.
- Discuss potential reorganizational structures compared to status quo.
- Explore strategies for future electrical service and governance structures in response to AB 1021.
- Discuss desired service roles and responsibilities. Identify level of ambition to pursue an alternative electrical service and governance option.

6.1.2 Electrical Service Questionnaire and Responses

To maximize feedback from as many stakeholders as possible, outreach consisted of an electrical service questionnaire and a series of stakeholder

discussions. The following section will provide an overview of the feedback received and how this information was used for analysis of the alternative options.

The electrical service questionnaire consisted of fourteen questions and was provided to approximately 55 stakeholders in October 2022. A total of twelve completed responses to the questionnaire were received. The primary purpose of the questionnaire was to:

- Understand the extent of knowledge and interest in considering potential alternative electrical service and governance options.
- Obtain preliminary feedback to help facilitate content and discussions with each stakeholder group.

Despite the small sample group of responses, in general, several underlying themes emerged from the feedback received by stakeholders and are summarized below:

- Little interest in pursuing a merger with an IOU. Preference for public power, assuming IID desires to maintain continuity of service.
- Preference for a special district, JPA or entity with more than one City and/or utility as partnering members, for concepts involving formation of a new public utility.
- Conviction that, regardless of alternative options, local representation is a must.
- Uncertainty as to whether IID's low and competitive rates are sustainable.
- Recognition that electric infrastructure upgrades and expansions are needed for

Coachella Valley as existing capacity limitations are hampering economic development.

- Uncertainty with the electrical service outlook due to aging facilities and capacity limitations.
- Concern regarding frequent and extended service outages in Eastern Coachella Valley.
- Uncertainty as to how new residential and commercial developments can be accommodated and their corresponding impact on existing electric rates.
- Frustration with billing format, complicated rate structures, and lack of transparency.
- Uncertainty if and how overdue capital improvements are to be funded.
- Recognizing that planning is a critical component in mitigating excessive financial risk.
- Mixed thoughts regarding the degree of electrical service role and responsibilities.

6.1.3 Individual Stakeholder Discussions

In addition to the electrical service questionnaire, the Study team conducted several individual stakeholder discussions to further obtain insight on matters related to both existing and future electrical service provisions, with an emphasis on services for the Coachella Valley. To facilitate these discussions, a presentation was prepared and distributed in advance, which included targeted objectives and goals for each discussion topic. A total of 12 discussions were conducted and consisted of both in-person and remote meeting formats.

The main goal of the discussions were twofold. The first goal was to obtain additional insight on items of interest, concerns, and perspectives related to current and future service and governance roles. The second goal was to understand the desired responsibilities from Coachella Valley stakeholders. The following section provides a summary of the discussions, feedback received, when the discussion occurred, who participated, and if supplementary information was provided.

Individual stakeholder discussions were conducted with the following stakeholders as follows:

- November 15, 2022: Sky Valley Community Council
- November 17, 2022: Imperial Irrigation District
- December 2, 2022: the Cities of La Quinta, Indio, Coachella, Cove Communities Services and Palm Desert
- December 6, 2022: Coachella Valley Water District December 8, 2022: Tribe of Torres-Martinez
- December 8, 2022: Tribe of Augustine
- December 15, 2022: General session with over ten different local community and special interest groups
- January 3, 2023: Imperial County
- January 17, 2023: Follow-up with Cities of La Quinta, Indio, Coachella, Cove Communities Services and Palm Desert
- January 24, 2023: Chair of the Coachella Valley Energy Commission
- February 24, 2023: Tribe of Twenty-Nine Palms
- June 21, 2023: Imperial Irrigation District
- June 21, 2023: Coachella Valley Energy Commission

In addition to the discussions mentioned above, stakeholders also provided supplemental input in the form of historical documents, letters, and other Study related reports. A summary of these items is below:

- Leadership Counsel for Justice and Accountability: Eastern Coachella Valley Input for the Alternative Governance Structure and Service Provisions, dated March 24, 2023. Indicating critical need for establishing customer engagement plan and outreach throughout entire process, addressing unique priorities of Each Coachella Valley for clean, reliable and affordable energy, desire for a transparent and publicly accessible governance system, and identifying potential barriers to the proposed ownership models.
- Prior comment letter regarding East Coachella Valley representation, dated March – October 2021.
- Coachella Valley Energy Commission: letter regarding governance alternatives for consideration, dated February 2023.

In general, several of the interests, concerns, and underlying themes identified from the energy service questionnaire aligned and were reiterated during the individual stakeholder discussions. The feedback gathered during the discussions was consolidated and is summarized into the seven main topics below:

Affordability

Existing rates are competitive and any proposed alternative service options should consider short and long-term rate implications.



Economic Development

Developments are being impacted and concerned about how these, and other new developments will be served, along with the associated impact to existing customer rates.



Financing

How will upgrades and expansions be funded, expenses should be equitable and based on benefits received.



Representation

Representation is top priority and required regardless of which alternative service option is considered.



Industry Trends

Concerned with increased electrification and the plan for achieving renewable energy goals.



Local Programs

Desire for IID to increase local programs and incentives, including power purchase programs with local communities for solar, geothermal, and other generation opportunities.



Local Control

Desired by stakeholders, but degree of role and responsibility was uncertain.



To evaluate how each proposed option addresses the interests and concerns of stakeholders, foundational objectives were established. The following section describes how the feedback received was used to establish foundational objectives for performing analysis of the alternative service and governance options.

6.2 Analysis of Alternative Options

Although each alternative service and governance option may achieve different outcomes, the Study has established the following criteria to facilitate an assessment of the degree to which each alternative option addresses the desires of the stakeholders. These fundamental objectives were derived from stakeholder feedback and were utilized during the analysis phase to ascertain how each alternative option compares to the status quo.

6.2.1 Establishing Stakeholder-Driven Foundational Objectives

The following foundational objectives were established to aid in the review and assessment of each alternative option and derived from input received by all stakeholders. As each stakeholder may have different core objectives, stakeholders may assess the performance of each alternative option under a distinct subset of foundational objectives, leading to varying conclusions. To address this matter, the ensuing analysis was conducted to provide stakeholders and policymakers with a general indication of which alternative option may optimally cater to their needs

based on the established foundational objectives. It's important to note that the findings of this analysis will need to be aligned with the desired level of responsibility each stakeholder is willing to undertake in providing electrical service provisions for the Coachella Valley service territory. The intersection of these two elements will be key in identifying the best fit alternative option for the Coachella Valley service territory.

- Public and Locally Governed Entity: Not-for-profit entity owned by taxpayers, with ability for all eligible, registered voters within the Coachella Valley electrical service territory to be an appointed or elected official for purposes of providing oversight and supervising activities.
- Provides Representation for Coachella Valley Customers: Provides local oversight, supervision, and control of all functions of service. Provides authority to approve or oppose actions of the utility and the right to adopt sound and ethical governance and financial management policies in alignment with local policies. Governance structure that is transparent and publicly accessible.
- Maintain an Advisory Role for Non-Responsible Electrical Service Provisions: Provide Coachella Valley customers the ability to provide impartial third-party advice to the IID Board of Directors on electrical service provisions not responsible of the proposed entity through an advisory committee or commission.
- Provides Flexible Financing Opportunities: Ability to impose rate increases, secure external funding, issue

municipal bonds, or form a financing authority to support a capital improvement program (CIP) and/or initial costs for acquiring existing electrical facilities.

- Structure that Can Own Electrical Assets: Ability to acquire and own underlying electrical assets for electrical generation, transmission, and/or distribution services.
- Oversight of Financial Policies: Governance structure that provides Coachella Valley customers oversight and supervision of financial policies, rates, and charges for electrical services. To endorse policies that administer equitable rates structured to support economic growth and ability to recover cost of service.
- Oversight of Capital Planning to Support Economic Development: Permits local oversight of capital improvement planning and implementation. Supporting timely planning and capital investments to accommodate growth and development in the underlying community, upgrading outdated equipment, and proactively mitigate capacity limitations to better serve existing and future customers.
- Structure Uncomplicated to Implement: Proposed structure should require a limited amount of coordination to implement the proposed service and/or governance structure, including legal, financial, and legislative complexity as compared to status quo.
- Expand Public Benefits: Permits Coachella Valley customers oversight and supervision of customer programs and incentives. To endorse policies that

support state initiatives and local community interests.

- Achieve Industry Maintenance Standards: Governance structure that permits Coachella Valley customers oversight of operational and maintenance services. To support business practices that promote efficient and reliable service by endorsing policies that achieve industry standards for preventative maintenance and service to provide system reliability and protect its customers health, safety, and quality of life.
- Use of Efficient Public Resources: Leverage existing resources to help minimize the need to recreate established policies and require additional financial requirements. To endorse policies that support the ability to execute service agreements with IID, or others, for established electrical service provisions.
- Promote Local Renewable Energy Programs and Collaboratives: Structure that provides Coachella Valley customers oversight and supervision of alternative and independent sourced renewable energy opportunities; including solar, wind, geothermal and other eligible resources. Supporting partnerships with regional partners interested in local renewable generation opportunities. Department of Energy offers funding opportunities specifically designed for Tribal Nations and can support a wide range of projects, such as renewable energy development, efficiency upgrades, and energy planning and feasibility studies.
- Ability to Achieve Vertically Integrated Utility Status: Structure that could allow

for the complete oversight and governance of all electrical service provisions associated with generation, transmission, and distribution. A utility ownership structure that could be expanded to provide the greatest regulatory control and monopoly over all aspects of electricity services provisions.

- Ability to Adapt to Future Changes and Responsibilities: Structure that can be modified to align with future changes in the members roles and responsibilities of utility ownership and/or governance.
- Minimizes Risk to Rate Payers: Structure that has the potential to reduce or limit the amount of legal and/or financial risk to the members and community it serves regarding start-up, implementation, and ongoing operational costs.

- Provides Local Control for Distribution Assets: Structure that can provide Coachella Valley customers with oversight and supervision of capital planning, upgrades, and expansions related to local distribution facilities.
- Maximize Public Involvement: Governance structure will have an organizational capacity and expertise to operate a complex electrical system, be responsive to community needs, and endorse public policies to promote engagement and collaboration with the local community and obtain public input throughout the entire decision-making process.



SECTION 7

ALTERNATIVE ELECTRICAL SERVICE OPTIONS



ALTERNATIVE ELECTRICAL SERVICE OPTIONS

This section will present several alternative electrical service options for consideration. While these alternative options provide stakeholders and policy makers with a general indication of the best-suited alternatives, other conditions must also be considered when determining which options are pursued and timely to implement. In general, each alternative option should be aligned to match with the appropriate scale and ambition of the service territory. Depending on the existing regulations and underlying objectives within the service territory, stakeholders are likely to have varying perspectives on which option is more suitable for implementation.

This section focuses on two alternative electrical service options for providing continued publicly and/or independent system operator owned and managed electrical service in perpetuity to IID electrical service area customers prior to, and after, the expiration of the 99-year lease for power rights made between the IID and the CVWD. Both options include a number of alternative governance structures that can be considered for potential implementation. It should be noted that the following alternative options are not exclusive and therefore, a variety of combinations can exist, i.e. forming a new Public Utility District, or CCA and joining with IID through a JPA.

To help stakeholders, regulators, and policy makers prioritize the potential alternative service options, this section of the Study identifies the following:

- A range of alternative options with different degrees of complexity such that stakeholders can determine their required level of effort in developing and advancing the implementation of the proposed alternative structure.
- Advantages and disadvantages of alternative options, including considerations regarding policy, service and financial implications.

7.1 Required Capital Investment Common to all Options

Many cities and utility districts administer Capital Investment Program (CIP) to assist with planning and identifying critical capital infrastructure projects to renovate, repair, or expand existing facilities. Projects could range from minor, low cost to multi-year program expansions. This effort is necessary in order to identify the extent of near and long-term capital improvements to sustain operations and assess funding needs to support implementation. Based on information shared by IID, there are several capital improvements needed to facilitate growth and development. Infrastructure upgrades and additional generation resources are necessary to serve additional growth in Imperial and Coachella Valley. The capital requirements to serve the additional growth is estimated to be \$800 million. This includes approximately \$500 million for additional infrastructure and substations, and \$300 million for additional generation resources to support the growth and development.

Although the capital investment indicated above is for Imperial and Coachella Valley, it would likely not go away under any of the options presented below. A capital investment would be required and common to all options. No further evaluation was performed on the capital investment provided by IID due to limited data received for this Study. The extent of capital investment would vary by option and must be a consideration when evaluating each alternative electrical governance option. After the parties determine which of the following alternative option(s) are to be considered, evaluations should be performed to determine anticipated cost-of-service and associated rate and operating expense for the desired role and responsibility of the proposed entity. Performing cost evaluations at this stage is difficult due to several unknown factors to adequately estimate valuation of the underlying electrical facility assets under consideration.

7.2 Financial Information Provided by IID for the Coachella Valley Territory

To best navigate the multifaceted landscape of potential alternatives to Imperial Irrigation District's (IID) electrical services, a comprehensive understanding of the region's energy consumption and billing dynamics becomes paramount. This section outlines the financial and customer information provided by IID for the Coachella Valley service territory.

The parties must acknowledge that little to no information is available from IID on assets and capital improvements exclusive to the Coachella Valley service territory. On September 7, 2023, a financial review meeting was held with IID and their financial consultant. During the meeting, it was evident that IID has little to no disaggregated data separately available for the Coachella Valley service territory. Assessments performed by IID are done as a "integrated-whole" and not broken down by jurisdiction. Tables 7-1, 7-2, and 7-3 presents a summary of the supplemental financial information provided by IID and is also included in Appendix E.



TABLE 7-1 – OVERVIEW OF ELECTRICAL CONSUMPTION AND BILLING IN COACHELLA VALLEY

City	Number of Customers	CY 2022 Energy Consumption (kWh)	Total Billing
Indio	38,487	776,731,036	\$95,041,122
La Quinta	27,051	593,339,522	\$72,820,681
Coachella	11,559	246,096,192	\$57,135,787
Rancho Mirage	664	23,073,317	\$2,752,123
Palm Desert	6,533	111,623,651	\$13,865,070
Indian Wells	485	4,738,219	\$613,625
Indio Hills	69	2,834,818	\$379,920
Thousand Palms	4,163	85,609,739	\$10,701,651
Bermuda Dunes	2,011	37,875,372	\$4,694,143
Chiriaco Summit	18	2,390,277	\$276,963
Thermal	3,930	162,480,027	\$19,806,248
Mecca	2,168	46,781,268	\$5,957,663
North Shore	1,068	16,617,373	\$2,070,200
TOTAL	98,206	2,110,190,812	\$286,115,196

IID is also underway with technical and financial evaluations as part of their 2023 cost-of-service effort and is presented below. This information is preliminary and provided for informational purposes only. Depending on the outcome of selecting an alternative governance and service option for the Coachella Valley territory, the parties could potentially consider opportunities with IID and the current cost of service effort to identify a solution beneficial to the entire service territory; establishing financial mechanisms and policies to assist with increasing system reliability and capacity, and to sustain economic growth and development. Table 7-2 summarizes the preliminary cost allocation of the capital plan funding expenditures by funding source. Table 7-3 provides a detailed breakdown of the associated capital projects.

TABLE 7-2 – PRELIMINARY CAPITAL PLAN
FUNDING EXPENDITURES

Capital Plan	2023-2027 Cost of Services
Rate Funded	\$36,512,000
Debt Funded	\$10,901,000
Developer Funded	\$147,142,700
Total	\$194,555,700

TABLE 7-3 – BREAKDOWN OF SUBSTATION PROJECTS AND PRELIMINARY FUNDING ALLOCATION

Substation	Total Project Cost	Rate Funded	Debt Funded	Developer Funded
Cannabis AWZ Coachella	\$14,000,000	-	-	\$14,000,000
Jefferson 3rd Bank	\$2,300,000	\$800,000	-	\$1,500,000
Avenue 58 3rd Bank	\$17,000,000	\$4,000,000	-	\$13,000,000
Ave 52 2nd Bank	\$8,500,000	-	-	\$8,500,000
Classic Club Sub 1	\$27,270,300	-	-	\$27,270,300
Carreon 2nd Bank	\$11,000,000	\$204,000	-	\$10,796,000
New Thermal/Airport	\$50,000	-	-	\$500,000
Coachella Switch 3rd Bank	\$14,000,000	\$7,700,000	-	\$6,300,000
New Jackson 4th Bank	\$7,300,000	\$200,000	-	\$7,100,000
Indio Downtown New Substation	\$10,804,000	\$204,000	-	\$10,600,000
Avenue 40 Substation	\$7,204,000	\$204,000	-	\$7,000,000
New North Indio Substation	\$9,000,000	-	-	\$9,000,000
Marshall 3rd Bank	\$11,800,400	-	\$10,901,000	\$899,400
Northgate Substation/Magestic	\$18,107,000	\$9,000,000	-	\$9,107,000
Rio Del Sol Substation	\$17,770,000	\$1,200,000	-	\$16,570,000

TABLE 7-3 – BREAKDOWN OF SUBSTATION PROJECTS AND PRELIMINARY FUNDING ALLOCATION

Substation	Total Project Cost	Rate Funded	Debt Funded	Developer Funded
Frances Way 2nd Bank	\$5,000,000	-	-	\$5,000,000
Mecca 2nd Bank	-	-	-	-
Heber Distribution Substation 2nd Bank	\$6,500,000	\$6,500,000	-	-
Gateway Distribution Substation 2nd Bank	\$6,500,000	\$6,500,000	-	-
Lavinge Distribution Substation	-	-	-	-
Victoria Ranch Distribution Substation	-	-	-	-
Total	\$194,555,700	\$36,512,000	\$10,901,000	\$147,142,700

7.3 OPTION 1: IID Continues to Provide Electrical Service to the Coachella Valley Territory

Under this option, the following alternative service and associated governance options are provided for stakeholder consideration. The reader can supplement the following section with details pertaining to each governance structure provided in Section 5.

Service Alternative Option No. 1 - Imperial Irrigation District continues to provide electrical service provisions for the Coachella Valley service territory. Under this service option, the following alternative governance structures can be considered.

7.3.1 Alternative Governance Structures for Service Alternative Option No. 1

The proposed alternative governance structures aim to ensure proportional representation on a governing board that will have primary jurisdiction over all electrical service matters by extending voting rights to eligible voters residing within the Imperial Irrigation District electrical service area. The following options do not affect the water service area boundaries of the Imperial Irrigation District, which will remain under the sole responsibility of the current IID Board of Directors, thereby isolating water rights and

management from electrical service matters.

GOVERNANCE OPTION 1.A - Maintain status quo. Under this governance option, the following should be considered:

- This option would maintain the existing service and governance structure for IID and the Coachella Valley service territory.
- Would not address the concerns of the Coachella Valley stakeholders.
- No reorganization, proceedings, or special elections are required.
- Coachella Valley stakeholders would not have direct governance control or have representation over electrical service provisions.
- CVEC continues to provide advisement as an advisory body to the IID Board of Directors.
- If additional funding is necessary, individual cities could adopt as needed charges for local upgrades and expansion of local distribution facilities. Per ongoing CVEC discussions.
- Can provide the opportunity to reform existing electrical service provisions/programs to align with Coachella Valley stakeholder and local community needs, i.e. local power purchase contracts and programs, adopt policies similar to CPUC for rate payer participation and aid in addressing grievances and complaints.
- A comprehensive debt policy should be established to define financial policies and principles to support economic development and additional growth in both service territories.

- Having the ability to administer potential change to Power Rates will be limited per Section 19 of the Agreement of Compromise.
- Reduces or eliminates additional risk, as no additional start-up or reorganization debt is required.
- Eliminates the need for additional staff and related services by utilizing established IID business functions. No financial and/or operational impact likely to existing IID operations.
- To note, IID does not receive a portion of the one- percent tax levy from the Coachella Valley service territory located in Riverside County.

GOVERNANCE OPTION 1.B - Annex the Coachella Valley electrical service territory into IID. Under this governance option, the following should be considered:

- Would expand the jurisdictional boundary for IID and include the Coachella Valley service territory.
- Reorganization, proceedings, and/or special elections would be required.
- Allows eligible voters from Coachella Valley to participate in IID Board of Director elections.
- Coachella Valley stakeholders would have direct governance control and have representation on electrical service provisions.
- This option aligns with the recommendations from Riverside LAFCO Study 2006-61-4.
- Division boundaries for the Board of Directors could be established in a similar approach per previously adopted IID Resolution No. 50-2021.

- New legislation would be required to authorize exclusive voting rights by elected officials from Imperial County on all water-related business functions and decisions.
- Management and ownership of electrical facilities and assets would remain under IID.
- A comprehensive debt policy should be established to define financial policies and principles to support economic development and additional growth.
- Potential to improve economic development by having the ability to adopt rates and charges based on cost-of-service.
- Opportunity to reform existing electrical service provisions to align with Coachella Valley stakeholder interest and their desire to implement energy programs for solar and other local generation opportunities.
- Policies should be established to administer a sustainable capital improvement plan to assist with additional growth and development requirements. This option limits the amount of risk by not requiring additional debt and long-term financial obligations from acquiring new assets and/or staffing requirements when forming a new entity.
- Reduced implementation complexity by utilizing existing business functions and processes established by IID.
- Minimizes financial and/or operational impact to the existing IID Energy Division.
- Could result in a financial impact to the CVWD and corresponding hydroelectric generation rights on the canal.

- To note, IID does not receive a portion of the one- percent tax levy for the Coachella Valley service territory located in Riverside County.

GOVERNANCE OPTION 1.C - Create a new sub-Board of Directors to provide oversight on all electrical service provisions related to Coachella Valley, and establish an electrical service jurisdictional boundary for IID's Coachella Valley service territory. Under this governance option, the following should be considered:

- Would create a new jurisdictional boundary for IID and include the Coachella Valley service territory.
- The existing IID jurisdictional boundary would remain and provide oversight of business functions not responsible of the sub-Board of Directors.
- Allows eligible voters from Coachella Valley to participate in IID sub-Board of Director elections.
- Coachella Valley stakeholders would have direct governance control and obtain representation on electrical service provisions for Coachella Valley.
- Reorganization, proceedings and/or special elections would be required.
- Sub-Board of Directors would provide oversight and governance on a portion, or all electrical service provisions for the Coachella Valley service territory. Exact roles and responsibilities could be established by the parties.
- New legislation would be required to authorize exclusive voting rights by elected officials from Imperial County on all water-related business functions and decisions.

- Management and ownership of electrical facilities and assets would remain under IID.
- Provides an opportunity for locally elected officials from the Coachella Valley to reform existing electrical service provisions to align with community needs, and the greater Coachella Valley service territory.
- A comprehensive debt policy should be established to define financial policies and principles to support economic development and additional growth.
- An Executive Director and/or additional staff could be required to administer the new subdivision.
- Provides the ability to update existing financial policies to help establish equitable rates and charges for the service territories.
- This option limits the amount of financial risk by not requiring additional debt and long-term financial obligations from acquiring new assets and/or staffing requirements when forming a new entity.
- Reduced implementation complexity by utilizing existing business functions and processes already established by IID.
- Minimizes financial and/or operational impact to the existing IID Energy Division.
- Could result in a financial impact to the CVWD and corresponding hydroelectric generation rights on the canal.
- To note, IID does not receive a portion of the one- percent tax levy for the Coachella Valley service territory located in Riverside County.

GOVERNANCE OPTION 1.D - Coachella Valley Parties Establish a Joint Powers Authority with IID. Under this governance option, the following should be considered:

- Offers the greatest amount of flexibility and provides membership the option of either pursuing specific roles and responsibilities, or creating a fully integrated entity (generation, transmission, and distribution) that would be responsible for all electrical service provisions.
- Will not change the existing IID Board of Directors structure.
- Can establish a multi-party JPA with Cities, Counties, and Tribal Nations
- IID can be a member of the JPA for coordinating services not responsible of the JPA.
- Coachella Valley stakeholders would have direct governance control and obtain representation on electrical service provisions for Coachella Valley for services responsible of the JPA.
- To function successfully, would require all Coachella Valley parties to become members of the JPA.
- California Indian Tribal governments can join JPA's with legislative permission. Federal law specifies three ways in which an Tribal Nation may become federally recognized with the ability to join JPA's: By Act of Congress, By administrative procedures specified in federal regulations, or by decision of a United States Court. For example, the Torres Martinez Desert Cahuilla Indians was provided authorization to join the Salton Sea Authority through AB 959, Kelley, 2001.

- Offers the greatest amount of flexibility and allows members to define their own areas of authority and responsibilities pertaining to electrical service.
- Allows services exclusive to Imperial County and the greater region (i.e. regional generation and transmission) to continue to be governed by the existing IID Board of Directors.
- Board actions from the JPA can be coordinated with IID Board of Directors through an advisory committee or similar forum if the JPA membership decides on a structure that will not create a fully integrated entity.
- JPA can administer its own programs and incentives to align with local community interests.
- New legislation could be required, parties are encouraged to seek legal advisement to determine if enabling legislation would be necessary based on the ultimate JPA structure for the region, to allow electrical services (advisement on “common powers”) and/or membership of entities (such as Tribal Nation and the County).
- A comprehensive debt policy should be established to define financial policies and principles to memorialize guiding directives from members of the JPA.
- Management and ownership of electrical facilities and assets could remain under IID (if existing assets are not acquired from IID, or for services not responsible of the JPA).
- Provides flexible financing opportunities, either by IID rates and charges and/or JPA financing authority.
- An Executive Director and/or additional staff could be required to administer the JPA.
- The JPA can pursue a power supply agreement with IID, if the JPA desires to control generation services.
- Accommodating additional growth and development can be improved depending on the financing policies imposed by IID and/or the JPA.
- This option increases the amount of risk by potentially requiring debt and long-term financial obligations from acquiring property, assets, staffing, and/or administering a CIP under the JPA, for electrical services independent of IID.
- Potential financial and/or operational impact to IID, and would be dependent based on the role and responsibility of the JPA.
- Ability to utilize Local Bond Act to assist in the financing of public capital improvements.
- Could potentially result in a financial impact to the CVWD and corresponding hydroelectric generation rights on the canal if they are non-member to the JPA.

7.4 OPTION 2: IID Terminates Electrical Service to the Coachella Valley Territory

Under this option, the following alternative service and associated governance options are provided for stakeholder consideration. The reader can supplement the following section with details pertaining to each governance structure provided in Section 5.

Service Alternative Option No. 2 - Imperial Irrigation District terminates electrical service provisions for the Coachella Valley service territory. Under this service option, the following alternative governance structures can be considered.

7.4.1 Alternative Governance Structures for Service Alternative Option No. 2

The following alternative governance structures aim to ensure proportional representation on a governing board that will have primary jurisdiction over all electrical service matters by extending voting rights to eligible voters residing within the Imperial Irrigation District electrical service area. This will establish proportional representation on a governing board that will have primary jurisdiction on all matters related to electrical service. These proposals distinctly separate water rights and management, ensuring that the current Imperial Irrigation District Board of Directors retains exclusive authority over them, and that the water service area boundaries shall remain unaffected.

GOVERNANCE OPTION 2.A – Sale or Disposition of Assets to an Investor-Owned Utility. Under this option the following should be considered:

- Approval from the CPUC is required. When both environmental and general proceedings are complete, the CPUC will prepare a proposed decision for consideration by the five CPUC Commissions.
- Members could have the ability to secure a franchise fee in exchange for providing

the IOU with the right to operate exclusively in their community.

- Local control and representation would be provided by the established CPUC policies.
- Would not allow eligible voters from Coachella Valley to participate in elections.
- Coachella Valley stakeholders would not have direct governance control or obtain representation on electrical service provisions.
- The IOU would acquire and purchase existing electrical infrastructure and assets.
- Regulation and oversight would be provided by the CPUC and established policies for customers participation and grievances.
- Complex negotiations would be needed to transfer existing electrical assets.
- Potential for higher rates depending on the IOU's generation sources and portfolio.
- Funding provided by rates are set by the IOU and regulated by CPUC.
- Uncertain if implementation of timely capital investments would be improved by the IOU and limited improvement with accommodating additional growth and development could be experienced.
- Once IOU merger is complete, stakeholders would be eligible to form a CCA or similar. This would provide a small degree of local control and oversight for Coachella Valley stakeholders.
- Could potentially minimize the amount of initial risk by deferring the management and ownership to the IOU. Long-term financial impacts are

uncertain, with the potential to be greater than other alternative options under consideration.

- Will impose a financial and operational impact on IID and could ultimately cause IID to administer future rate increases despite a reduction in service responsibilities.

GOVERNANCE OPTION 2.B - Form a new Publicly Owned Utility with Specific Service Roles. Under this option the following should be considered:

- Reorganization, proceedings, and/or special elections would be required.
- A new publicly owned utility would be formed consisting of either a Public Utility District and/or Municipal Utility District structure based on membership and unincorporated areas.
- The roles and responsibilities for the utility would be specific and based on the member's interest, this alternative would not be vertically integrated initially, with services and responsibilities as desired by the membership.
- IID would continue to provide underlying electrical services not responsible of the new publicly owned utility (such as generation, transmission, and/or distribution).
- Coachella Valley stakeholders would have direct governance control and obtain representation on electrical service provisions for Coachella Valley, if desired by the newly formed utility and service responsibilities are obtained.
- The new utility would have the ability to finance and own electrical facilities and assets.

- Financing for capital improvements could be provided by the utilities electric rates, charges, and/or ability to secure bonds for public improvements.
- Require funding resources to acquire and purchase underlying electrical assets from IID, or others. The specific amount to acquire such assets is uncertain and would need to be negotiated.
- This option offers flexibility in defining the utilities service responsibilities, such as forming a partially integrated utility or vertically integrated.
- Additional staffing and resources would be required to administer business functions and associated services, such as an Executive Director and/or technical staff.
- The existing IID Board of Directors structure and governance would remain unaltered.
- With local control and oversight, local officials can administer programs and incentives that align with community needs.
- New legislation would not be required, and existing legislation allows for flexibility in defining the utility's powers and rights.
- Could impose a financial and operational impact to the existing IID Energy Division.
- The utility can have the authority to execute a power supply agreement with IID, if the utility desires to control generation services.
- A comprehensive debt policy should be established to define financial policies and principles to memorialize guiding directives from local officials.

- Members must consider potential start-up costs from acquiring existing assets, replacement, and/or future CIP.
- Accommodating additional growth and development can be improved depending on the financing policies selected by the utility and its officials.
- The ability to adapt to new legislation, state initiatives, and local priorities will be dependent on the utilities policies and available funding resources.
- This structure will require an extensive number of staffing resources and technical expertise for start-up and ongoing operations.
- A public vote and adoption by LAFCO would be required. Participation from low population areas could be limited based on popular vote elections for its officials.
- This option increases the amount of risk by potentially requiring debt and long-term financial obligations from acquiring property, assets, staffing, and/or administering a CIP under the new utility, for electrical services independent of IID.
- Potential financial and/or operational impact on IID and would be dependent based on the role and responsibility of the utility.
- The service structure can also be combined with a JPA, with the members of the JPA being IID and the new utility, and/or formation of a CCA.
- Under this option, CVWD could also be named as the public entity and successor to continue service for the Coachella Valley.
- Could result in a financial impact to the CVWD and corresponding hydroelectric

generation rights on the canal if the new utility district desires oversight over generation services.

Governance Option 2.C: Form a Vertically Integrated Publicly Owned Utility . Under this option the following should be considered:

- Similar to option 2.B, but with expanded oversight and local governance over all aspects of electrical service, including: generation, transmission, distribution and administration.
- Utility could encompass all, or have a service boundary specific to subset of members based on geographic locations to oversee and obtain full responsibility over electrical service provisions. Subset of membership will result in multiple entities.
- Offers the greatest level of local control and oversight by Coachella Valley stakeholders and formation can be local or extended to encompass a regional approach for electricity service in the Coachella Valley territory.
- Modifies the electrical service area for IID by removing a portion (by formation of a spot utility) or all of the Coachella Valley service territory.
- Under this option, CVWD could also be named as the public entity and successor to continue service for the Coachella Valley.
- This structure has increased risk from requiring the greatest amount of debt and long-term financial obligations associated with the need to acquire property, assets, staffing, and funding capital improvements for each utility.

- Will impose a financial and/or operational impact on the IID Energy Division.
- A comprehensive debt policy will need to be established to define financial policies and principles to memorialize guiding directives from public officials.
- Could potentially acquire hydroelectric generation rights from CVWD, either as power purchase agreement or similar arrangement. The parties should seek legal advisement to determine the potential to secure hydro generation opportunities.

Governance Option 2.D: Create a Community Choice Aggregation. Under this option the following should be considered:

- The parties will need to seek legal advisement to determine if a CCA could be formed if residents are served outside of the underlying utilities jurisdictional boundary, such as in the case of IID and their Coachella Valley service territory. It is strongly recommended that stakeholders seek legal guidance on applicable state laws or the need to pursue enabling legislation if this ownership model is pursued.
- The CCA can be operated under a JPA structure or as a single jurisdiction.
- The parties to the CCA must issue an Implementation Plan and Statement of Intent to the CPUC for certification.
- No reorganization, proceedings or special elections are required.
- The CCA would create a new public entity to oversee and assume responsibility over electrical generation and/or purchases.

- All electrical facilities and assets would be managed and owned by others, not the CCA.
- Financing programs for the CCA could be limited and should be identified if this structure will be pursued.
- This structure would provide a limited amount of local control and oversight to Coachella Valley stakeholders, as this structure would depend on the underlying utility for transmission and distribution services.
- CCA allows for greater control over local programming and local renewable energy collaboratives.
- Could require the need to retain additional staff, such as administration or operational managers, and technical.
- The existing IID Board of Directors would remain. No new legislation would be required.
- The CCA would be supported and managed by its members, residents within its service boundary.
- Uncertain if improvements can be achieved to accommodate additional growth and development, as this option is dependent on other utilities for providing transmission and distribution services.
- Could minimize the amount of initial risk by deferring the management and ownership of transmission and distribution services to other utilities.
- Would impose a financial and/or operational impact to the IID Energy Division.

7.5 Alternative Options Support Foundational Objectives to Varying Degrees

While each alternative service option achieves different outcomes, each stakeholder can review performance under varying subsets of foundational objectives. The resulting variability in the assessment of alternative option performance could potentially result in conflicting opinions. Therefore, it is critical for stakeholders in the Coachella Valley to identify the foundational objectives that are common and core, regardless of the alternative option under consideration. To address this issue, the following analysis was conducted to provide stakeholders and policymakers with a general indication of the alternative option that might best address their needs.

It is worth noting that the findings of this analysis will need to be aligned with the desired level of responsibility and risk each stakeholder is willing to commit to providing electrical service provisions. For instance, local representation can be provided under a variety of alternative options, but the degree of representation would be limited to the level of control of the proposed utility, or alternative ownership structure other than IID. Evaluating future alternative options based on these two critical elements will be crucial in identifying the best-fit alternative option for both electrical service territories to allow for a regionally collaborative solution that will be sustainable, equitable, and provide long-term reliability for all customers.

The alternative options evaluation matrix is presented in Figure 7-1 and provides an

overview of how each of the proposed alternative options supports the foundational objectives. The foundational objectives were derived from stakeholder feedback and used to evaluate the performance of each alternative option against status quo. Ranking of the alternative options was performed by determining the extent each of the seventeen foundational objectives are addressed. Those alternatives which addressed the most foundational objectives were then prioritized as the top recommendations for further consideration.

The two alternative options with the highest ranking included:

- Option 1.D: Joint Powers Authority
- Option 2.B: Form a New Publicly Owned Utility

Based on the two highest ranked alternative options, the following foundational objectives were identified as the most important among the stakeholders when considering further evaluation of each proposed option:

- A Governance Structure Uncomplicated to Implement
- Ability to Achieve Vertically Integrated Utility Status
- Ability to Adapt to Future Changes and Responsibilities

When comparing the above foundational objectives against the alternative options ranked highest, stakeholders will need to determine the importance of each of these objectives in regard to the future electrical

service provisions for the Coachella Valley territory.

7.5.1 Recommended Alternative Option for Further Consideration

As indicated, two alternative options ranked highest among all that were evaluated. These alternatives included Option 1.D: Joint Powers Authority and Option 2.B: Forming a new Publicly Owned Utility.

If the desire among Coachella Valley stakeholders is to pursue an alternative option that is uncomplicated, efficient to implement, flexible and adaptable going forward, then Option 1.D should be further developed and pursued as it addressed these objectives the greatest.

It should be noted that alternative options are not exclusive and therefore, a combination of options can be pursued, i.e. forming a JPA with individual members, IID, and potentially a new publicly owned utility; or establishing a JPA and forming a CCA, this alternative can be further developed by the formation of a new publicly owned utility if expanded service responsibilities and membership is desired.

At the conclusion of outreach performed as part of this study, it was uncertain what Coachella Valley stakeholders desire regarding service responsibilities and, therefore, stakeholders must continue to collaborate to identify and determine their local and regional priorities prior to concluding which alternative option, or options to pursue. To assist, the following section, provides a summary of suggested key determinations and policies that

stakeholder should address prior to concluding which alternative governance and service option to pursue. A summary of actions is also provided in Table 7-4.

Based on the required actions to form and implement each of the top two alternatives, Option 1.D: Joint Powers Authority, is validated as being the easiest alternative option to pursue and most cost effective at this time. As previously indicated, JPA's can be formed under two different arrangements; first allows public agencies to contract to jointly exercise common powers, and the second arrangement allowing public agencies to form a separate legal entity.

The ultimate type of JPA arrangement will be dependent on Coachella Valleys desire to secure electricity service provisions. Initially, parties can implement a JPA with IID in an arrangement similar to the Indio-IID JPA (with exception, by having additional conditions specific to greater oversight by Coachella Valley members), then potentially expanded by forming a CCA to secure local control over generation and power procurement, then further expanded by increasing service responsibilities and territory by establishing a publicly owned utility, with or without IID electricity provisions for the Coachella Valley. This alternative option provides maximum flexibility and allows members to establish different degrees of local control based on each parties ambition to pursue an alternative electrical service and governance structure.

Under Option 1.D: Joint Powers Authority, stakeholders will need to pursue enabling

legislation to allow a member's ability to join a JPA, i.e. counties, unincorporated areas, and Tribal Nations. This structure will also assist with supporting greater participation (equitable representation) from areas of low population, as this structure does not require popular vote for election of its

officials. In addition, state legislation will be necessary if the ultimate arrangement for the JPA will include electrical service responsibilities to jointly exercise common powers. This is further detailed in the following section outlining next steps and key determinations.

TABLE 7-4 - ITEMS TO BE ADDRESSED DEPENDING ON THE ALTERNATIVE GOVERNANCE OPTION DESIRED BY COACHELLA VALLEY PARTIES.

Outstanding Items to be Addressed the Coachella Valley Service Territory	Top Ranked Alternative Options	
	Option 1.D: Joint Powers Authority	Option 2.B: Form a New Utility District
Identify preferred governance alternative	Required	Required
Determine enabling legislation requirements	Required	Required
Establish service territory	Not Required	Required
Obtain opinion on disposition of assets	Not Required	Required
Perform asset inventory 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

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

7.6 Key Determinations and Suggested Actions Prior to the Expiration of the Lease of Power Rights

This section provides suggested actions to help assist with addressing outstanding questions regarding the existing and continued electrical service to the Coachella Valley. Coachella Valley stakeholders and IID can consider the following actions to support the ongoing collaboration toward developing a community-based regional solution for electrical service and governance for the Coachella Valley. The following considerations can be used to establish near-term priorities and help assist with addressing technical feasibility, legal requirements, and financial policies for the alternative service and governance options under consideration. Based on the CVEC 2021-22 Annual Report many of the following actions are identified as the near and long-term priorities of the Commission.

Based on the findings of this report and information collected throughout stakeholder outreach, it is apparent that the Coachella Valley parties have made significant progress and must acknowledge that the Coachella Valley Energy Commission (CVEC) has promoted collaboration and is effective at advancing development of this topic. Despite the progress that has been made, there are still several key determinations needing to be addressed to assist stakeholders with clearly weighing benefits, risks, and identifying potential rate impacts to Coachella Valley customers. Based on the

findings and observations under this Study, the following items are considered fundamental prior to conducting any further evaluations associated with the selection of an alternative service and governance option that is best-suited and most cost effective for the Coachella Valley territory.

Most importantly, the parties must acknowledge that little to no information is available from IID on assets and capital improvements exclusive to the Coachella Valley service territory. On September 7, 2023, a financial review meeting was held with IID and their financial consultant. During the meeting it was evident that IID has little to no disaggregated data separately available for the Coachella Valley service territory. Assessments performed by IID are done as a “integrated-whole” and not broken down by jurisdiction. Section 6 presents a summary of the supplemental financial information provided by IID and is also included in Appendix E.

The following policy and key determinations were identified as needing to be addressed by Coachella Valley parties, this information is also summarized in Table 7-4:

- **Identify a Leader:** Verify if the parties desire to continue with CVEC as the leader to spearhead the effort going forward and start building awareness and support within the community.
- **Determine if IID will continue to provide electrical provisions for Coachella Valley:** It's unclear if members would like to pursue an

alternative option with IID continuing to provide some degree of electrical services. Determining each member's interest in changing from IID provision of full electrical service to any other alternative would be fundamental to understanding potential financial and rate impacts.

- **Determine if a regional consensus-based solution will be pursued:** Each party will need to determine and align local priorities to determine if a regional or local solution will be feasible. This will have a significant impact on the parties' ability to assess financing and revenue requirements for any of the proposed alternative options.
- **Identify Enabling Legislation for Member Eligibility:** The parties are encouraged to identify membership eligibility and enabling legislation requirements to allow a member's ability to join any alternative option under consideration. Existing law prohibits certain public districts and entities from joining certain structures (i.e. joining a JPA), owning, and operating electrical assets.
- **Legal Opinion on Leased Power Rights under the Agreement of Compromise:** The parties will need to understand the associated investments of IID and CVWD upon the termination of leased power rights under the Agreement of Compromise, including each party's respective legal and equitable rights in said power rights, works, and

facilities on or in connection with the All-American Canal. Over the course of developing the draft Study, a number of discussions were held around this topic with no clear or consistent indication of outcome. It would be crucial to understand the potential impact this could have on IID and/or the proposed successor utility.

- **Asset Valuation and Condition Assessment:** The parties should obtain an opinion on asset disposition and/or associated cost to potentially acquire existing assets from IID. Through the course of this effort, it was not apparent if existing assets would be made available and, if so, at what price. To note, limited information is available from IID on existing/planned assets for the Coachella Valley territory and the parties will likely need to obtain this information from other sources, e.g., conducting a comprehensive assessment and inventory of assets, before further analysis is performed. As stated earlier, performing a financial evaluation prior to obtaining this information will depend largely on broad assumptions and could result in significant unforeseen financial impact to members pursuing an alternative option with service responsibility.
- **Legal Opinion and Enabling Legislation for Joint Powers and Desire for Service Responsibilities:** For a regional based solution and the desire for obtaining electrical service

responsibility and provisions, the parties should seek legal advisement on “common powers” rule and identify enabling legislation for members to pursue service responsibilities to meet a specific need, since service is provided outside of the underlying utilities jurisdiction.

- **Identify Market Risks and Trends:** To identify unforeseen risk potentials with forming and operating a new utility, conducting a risk assessment is recommended. The assessment should focus on understanding potential market drivers, trends, mandates, and requirements for low-income areas. All items carry a degree of uncertainty and must be quantified to determine cost mitigation efforts if such items were to be realized. For example, a few of these items are captured in IID’s Energy Cost Adjustment (ECA) charge.
- **Legal Opinion of Coachella Valley Water District Utility Rights:** The parties should seek legal advisement to verify utility rights granted to CVWD as part of the Federal and State Agreements for the All-American Canal. To verify if electrical service rights were granted with acquiring hydroelectric power generation opportunity.
- **Establish Debt Policy Principles:** To aid in the assessment and decision-making process, it is advisable that the parties develop general debt

policy guidelines to identify limits, obligations, and associated risk mitigation measures for uncertain market drivers and customer demands. These guidelines will assist with issuing, managing, and adhering to affordability standards for the proposed alternative option under consideration. This could also assist with balancing obligations associated with asset acquisitions, associated rehabilitation and replacement projects, and new capital investment planning.

- **Community Education:** Establish a committee or public engagement program to keep customers informed about the proposed electric service options and benefits. The initiative will also play a crucial role in assessing the support of citizens, local officials, and business leaders.

7.7 APPA Governance Survey

To supplement this analysis and the overall effort, in April 2021, the American Public Power Association (APPA) conducted a Governance Survey to present information on the type of governing bodies responsible for overseeing public power systems.

The survey findings are summarized in Tables 7-5 and 7-6 and revealed that the type of governing body in charge of public power systems was evenly divided, with 54% of respondents indicating that the

electrical system is governed by a City Council and the remaining 46% by an independent utility board. This was based on 295 responses, with eighteen of those being completed by utilities with more than 50,000 customers. A summary of the survey results are provided below and additional information can be found at the APPA website

(<https://www.publicpower.org/resource/public-power-governance-survey>).

This information serves as a valuable reference point for gaining insight into the current governance structures of Public

Utilities and can further supplement the information presented in this Study. Depending on the decisions made by the Coachella Valley stakeholders, the following survey results are presented by the number of customers served. It should be noted that the governance structure and roles vary by the number of customers served. Depending on the outcome of IID and/or the parties within the Coachella Valley, the following survey results by customers count appear to align with the estimated number of customers to be served by the alternative service or governance options under consideration.

TABLE 7-5 – AMERICAN PUBLIC POWER ASSOCIATION GOVERNANCE SURVEY: TYPE OF GOVERNING BODY

No. Of Customer Connections	Primary Governing Body			
	No. Of Survey Responses	Independent Elected	Independent Appointed	City Council
Less than 5,000	144	7%	26%	67%
5,000 to 20,000	94	20%	41%	38%
20,000 to 50,000	34	9%	41%	50%
More than 50,000	17	18%	53%	29%
Total	289	12%	34%	54%

Notes:

1. **April 2021 survey results from the American Public Power Association – Public Power Governance Survey**

TABLE 7-6 – AMERICAN PUBLIC POWER ASSOCIATION GOVERNANCE SURVEY: AUTHORITY OF GOVERNING BODY

Authorities	Independent Utility Board	City Council	Other
Less than 5,000 Connections			
Set retail electric rates	85%	4%	11%
Approve Utility Budgets	85%	11%	4%
Issue Bonds	61%	28%	11%
Set Financial Policies	87%	7%	6%
Approve Power Purchase Contracts	74%	20%	6%
5,000 to 20,000 Connections			
Set retail electric rates	69%	14%	17%
Approve Utility Budgets	78%	11%	11%
Issue Bonds	46%	46%	8%
Set Financial Policies	74%	9%	17%
Approve Power Purchase Contracts	80%	5%	15%
20,000 to 50,000 Connections			
Set retail electric rates	69%	25%	6%
Approve Utility Budgets	87%	13%	0%
Issue Bonds	44%	38%	18%
Set Financial Policies	100%	0%	0%
Approve Power Purchase Contracts	94%	6%	0%
More than 50,000 Connections			
Set retail electric rates	62%	38%	0%
Approve Utility Budgets	69%	31%	0%
Issue Bonds	38%	38%	24%
Set Financial Policies	69%	8%	23%
Approve Power Purchase Contracts	77%	8%	15%

Notes:

- 1) April 2021 survey results from the American Public Power Association – Public Power Governance Survey
- 2) The term “other” includes structures where there is a Joint Powers Authority with the underlying independent utility or City Council.

FIGURE 7-1 – ALTERNATIVE GOVERNANCE EVALUATION MATRIX

<div><div><div>●</div><div>ADDRESSES OBJECTIVE</div></div><div><div>◉</div><div>POTENTIAL TO ADDRESS OBJECTIVE DEPENDING ON THE PROPOSED UTILITY</div></div><div><div>○</div><div>DOES NOT ADDRESS OBJECTIVE</div></div><div><u>Foundational Objectives</u></div></div>	Service Alternative Option No. 1 - IID continues to provide electrical service to Coachella Valley				Service Alternative Option No. 2 - IID terminates electrical service to Coachella Valley			
	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: Publicly Owned Utility with Specific Roles	Option 2.C: Form Vertically Integrated Publicly Owned Utility	Option 2.D: Form a Community Choice Aggregation
	<i>Maintain status quo with no service or governance changes.</i>	<i>Annex Coachella Valley Service Territory into IID.</i>	<i>Create IID Sub-Board of Directors for Coachella Valley electrical service provisions.</i>	<i>Form a Joint Power Agreement or Agency with Coachella Valley Stakeholders and IID.</i>	<i>Sale or disposition of assets to an Investor-Owned Utility.</i>	<i>New Publicly Owned Utility for Coachella Valley electrical service provisions. Roles to be specific based on stakeholder desires, such as distribution only.</i>	<i>New Vertically Integrated Publicly Owned Utility for Coachella Valley electrical service provisions.</i>	<i>CCA to provide electrical generation and/or power purchases. Utility will be dependent on other utilities for transmission and distribution services.</i>
Publicly and Locally Governed Entity Not-for-profit entity owned by taxpayers, with ability for all eligible, registered voters within the Coachella Valley electrical service territory to be an appointed or elected official for purposes of providing oversight and supervising activities	○	●	●	●	○	●	●	○
Provides Representation for Coachella Valley Customers Provides local oversight, supervision, and control of all functions of service. Provides authority to approve or oppose actions of the utility and the right to adopt sound and ethical governance and financial management policies in alignment with local policies. Governance structure that is transparent and publicly accessible.	○	●	●	●	○	●	●	○
Maintain an Advisory Role for Non-Responsible Electrical Service Provisions Provide Coachella Valley customers the ability to provide impartial third-party advice to the IID Board of Directors on electrical service provisions not responsible of the proposed entity through an advisory committee or commission.	●	●	●	●	◉	●	●	◉
Provides Flexible Financing Opportunities Ability to impose rate increases, secure external funding, issue municipal bonds, or form a financing authority to support a capital improvement program and/or initial costs for acquiring existing electrical facilities.	◉	●	●	●	○	●	●	○
Structure that Can Own Electrical Assets Ability to acquire and own underlying electrical assets for electrical generation, transmission, and/or distribution services.	○	●	●	●	○	●	●	○
Oversight of Financial Policies Governance structure that provides Coachella Vally customers oversight and supervision of financial policies, rates, and charges for electrical services. To endorse polices that administer equitable rates structured to support economic growth and ability to recover cost of service.	○	●	●	●	○	●	●	○
Oversight of Capital Planning to Support Economic Development Permits local oversight of capital improvement planning and implementation. Supporting timely planning and capital investments to accommodate growth and development in the underlying community, upgrading outdated equipment, and proactively mitigate capacity limitations to better serve existing and future customers..	○	●	●	●	○	●	●	○
Structure Uncomplicated to Implement Proposed structure should require a limited amount of coordination to implement the proposed service and/or governance structure, including legal, financial, and legislative complexity as compared to status quo.	●	○	◉	●	○	◉	◉	○
Expand Public Benefits Permits Coachella Valley customers oversight and supervision of customer programs and incentives. To endorse policies that support state initiatives and local community interests.	○	●	●	●	○	●	●	○
Achieve Industry Maintenance Standards Governance structure that permits Coachella Valley customers oversight of operational and maintenance services. To support business practices that promote efficient and reliable service by endorsing policies that achieve industry standards for preventative maintenance and service to provide system reliability and protect its customers health, safety, and quality of life.	○	●	●	●	○	●	●	○
Use of Efficient Public Resources Leverage existing resources to help minimize the need to recreate established policies and require additional financial requirements. To endorse policies that support the ability to execute service agreements with IID, or others, for established electrical service provisions.	●	●	●	●	○	●	●	○
Promote Local Renewable Energy Programs and Collaboratives Structure that provides Coachella Valley customers oversight and supervision of alternative and independent sourced renewable energy opportunities ; including solar, wind, geothermal and other eligible resources. Supporting partnerships with regional partners interested in local renewable generation opportunities. Department of Energy offers funding opportunities specifically designed for Tribal Nations and can support a wide range of projects, such as renewable energy development, efficiency upgrades, and energy planning and feasibility studies.	○	●	●	●	○	●	●	●
Ability to Achieve Vertically Integrated Utility Status Structure that could allow for the complete oversight and governance of all electrical service provisions associated with generation, transmission, and distribution. A utility ownership structure that could be expanded to provide the greatest regulatory control and monopoly over all aspects of electricity services provisions.	○	●	◉	●	○	●	●	○
Ability to Adapt to Future Changes and Responsibilities Structure that can be modified to align with future changes in the members roles and responsibilities of utility ownership and/or governance.	○	○	◉	●	○	◉	○	○
Minimizes Risk to Rate Payers Structure that has the potential to reduce or limit the amount of legal and/or financial risk to the members and community it serves regarding start-up, implementation, and ongoing operational costs.	◉	●	●	◉	◉	◉	○	◉
Provides Local Control for Distribution Assets Structure that can provide Coachella Valley customers with oversight and supervision of capital planning, upgrades, and expansions related to local distribution facilities.	○	●	●	●	○	●	●	○
Maximize Public Involvement Governance structure will have an organizational capacity and expertise to operate a complex electrical system, be responsive to community needs, and endorse public policies to promote engagement and collaboration with the local community to obtain public input throughout the entire decision-making process.	○	●	●	●	○	●	●	○



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Appendices

Alternative Governance and Electrical Services
Study – Imperial Irrigation District
NOVEMBER 30, 2023



LIST OF APPENDICES

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APPENDIX A: ASSEMBLY BILL 1021

ENROLLED SEPTEMBER 07, 2021
PASSED IN SENATE SEPTEMBER 01, 2021
PASSED IN ASSEMBLY SEPTEMBER 02, 2021
AMENDED IN SENATE AUGUST 19, 2021
AMENDED IN SENATE AUGUST 16, 2021
AMENDED IN SENATE JULY 01, 2021
AMENDED IN ASSEMBLY MAY 24, 2021
AMENDED IN ASSEMBLY APRIL 19, 2021
AMENDED IN ASSEMBLY MARCH 18, 2021

CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

ASSEMBLY BILL

NO. 1021

Introduced by Assembly Member Mayes

February 18, 2021

An act to add Section 56378.2 to the Government Code, relating to irrigation districts, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1021, Mayes. Imperial Irrigation District.

(1) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Under the act, each local agency formation commission is required to initiate and make studies of existing governmental agencies, including, but not limited to, studies to determine each local agency's maximum service area and service capacities.

This bill would require the local agency formation commissions for the County of Imperial and the County of Riverside to conduct and publish on their internet websites a joint study of options for providing continued publicly owned and managed electrical service in perpetuity to the Imperial Irrigation District's electrical service area, as defined, customers and options for alternative governance structures that would extend voting rights to registered voters who reside within the Imperial Irrigation District electrical service area to provide for proportional representation on a governing board that will have primary jurisdiction on all electrical service matters, as specified. The bill would require the study to be published no later than July 1, 2022. By imposing new duties on the specified local agency formation commissions, the bill would impose a state-mandated local program.

(2) This bill would make legislative findings and declarations as to the necessity of a special statute for the Imperial Irrigation District.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Digest Key

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

Bill Text

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56378.2 is added to the Government Code, to read:

56378.2. (a) Notwithstanding any other law, the commissions for the County of Imperial and the County of Riverside shall conduct and publish on their internet websites a joint study of both of the following:

(1) Options for providing continued publicly owned and managed electrical service in perpetuity to Imperial Irrigation District electrical service area customers prior to, and after, the expiration of the 99-year lease for power rights made between the Imperial Irrigation District and the Coachella Valley Water District in 1934.

(2) Options for alternative governance structures that would extend voting rights to registered voters who reside within the Imperial Irrigation District electrical service area to provide for proportional representation on a governing board that will have primary jurisdiction on all electrical service matters. Any findings shall isolate water rights and management as the sole responsibility of the current Imperial Irrigation District board of directors and shall not affect the water service area boundaries of the Imperial Irrigation District.

(b) The joint study described in subdivision (a) shall be published no later than July 1, 2022.

(c) For the purposes of this section, “electrical service area” means the area where the district provides retail electrical service that is outside of the district’s boundaries.

SEC. 2. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the conditions unique to the Counties of Imperial and Riverside and the Imperial Irrigation District.

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

Due to the extreme conditions the state is facing regarding energy, it is necessary for the Imperial Irrigation District to address these issues affecting customers within their service area as soon as possible.

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 08/16/2021
POSITION: Oppose

BILL NUMBER: AB 1021
AUTHOR: Mayes, Chad

BILL SUMMARY: Imperial Irrigation District.

This bill requires the local agency formation commissions (LAFCOs) for Imperial County and Riverside County to conduct a joint study of options for providing electricity in the Imperial Irrigation District (District) and other affected service areas, and options for alternative governance structures that provide for proportional representation for the District's board of directors, as specified. The bill also requires the study be published on the LAFCOs' internet websites no later than July 1, 2022. Further, this bill increases the membership of the District's board of directors from five to six.

This bill requires a two-thirds vote to take effect immediately as an urgency statute.

FISCAL SUMMARY

Finance anticipates that this bill's requirement for the two LAFCOs to complete a joint study would not create a state-reimbursable mandate. LAFCOs are not eligible to file claims for reimbursement of mandated costs, because they do not have taxing authority. Only those local agencies subject to taxing and spending limitations are eligible to file a claim.

However, Finance anticipates this bill may create a state-reimbursable mandate by requiring the District to add a member to its board of directors, because this may represent a higher level of service to the public. The costs would include salary and benefits, access to technology, and other items. Based on publicly available 2019 pay data for the District, the salary for each board member is about \$50,000.

CHANGES SUMMARY

This bill was amended on August 16, 2021 and includes the following significant amendments, which do not change Finance's position:

- Specifies the joint study must include options to provide continued publicly owned and managed electrical service in perpetuity to the District's electrical service area.
- Specifies the joint study's options for alternative governance structures must extend voting rights to registered voters who reside within the District's electrical service area.
- Requires the District's governing board to increase to six members on January 1, 2023, and specifies the added member will be a nonvoting director solely for electrical issues presented before the board.
- Requires the General Counsel of the District to determine which issues before the board are electrical issues and permits the nonvoting director to request a written rationale from the

Analyst/Principal (712) Hill, Chris	Date	Program Budget Manager Calvert, Teresa	Date
Department Deputy Director			Date
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

CHANGES SUMMARY (continued)

General Counsel when it determines the issue before the board is not an electrical issue.

- Specifies that if the District no longer serves electricity to 60 percent or more of its existing customers within the electrical service area before or on December 31, 2032, the nonvoting director's membership will terminate.

COMMENTS

Finance is opposed to this bill because it may create a state-reimbursable mandate of at least \$50,000 per year.

LAFCOs are quasi-judicial countywide commissions that oversee boundary changes of cities and special districts, the formation of new agencies including the incorporation of new cities and districts, and the consolidation or reorganization of special districts and cities. LAFCOs are funded by the cities, counties, and, special districts within each commission's jurisdiction.

The District supplies water and energy service to customers in Imperial County and Riverside County. The rights to provide electric service were granted to the District as part of a 99-year agreement reached between the District and the Coachella Valley Water District in 1934; the agreement expires in 2033. The Riverside County residents that receive electricity from the District have never been fully annexed into IID's boundaries, and as a result do not have the ability to vote for their representatives on the board of directors. This bill requires the LAFCOs for Imperial County and Riverside County to conduct a joint study that must include options for providing electricity in the District's jurisdiction and other affected service areas, in the circumstance that the District desires to no longer provide electrical service in its jurisdiction. The bill also requires development of options for alternative governance structures that provide for proportional representation for the District's board of directors. The bill requires the study to be published on the LAFCOs' internet websites no later than July 1, 2022.

This bill increases the membership of the District's board of directors from five to six and specifies the added director will be a non-voting director, with all of the other rights of existing directors. The bill also provides that if the District no longer serves electricity to 60 percent or more of its existing electric customers within the electrical service area before or on December 31, 2032, the non-voting director's membership will terminate and the board membership will decrease from six to five members.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					
	LA CO RV	PROP 98	FC	2021-2022 FC	2022-2023 FC	2023-2024 FC	Fund Code
8885/Comm St Mndt	LA	No	C	50-75 C	50-75 C	50-75	0001

APPENDIX B: 1934 AGREEMENT OF COMPROMISE

AGREEMENT OF COMPROMISE

BETWEEN

IMPERIAL IRRIGATION DISTRICT

AND

COACHELLA VALLEY COUNTY WATER DISTRICT

Dated February 14, 1934

AGREEMENT OF COMPROMISE
BETWEEN
IMPERIAL IRRIGATION DISTRICT
AND
COACHELLA VALLEY COUNTY WATER DISTRICT

Sec. 1. THIS AGREEMENT, Made the 14th day of February, 1934, by and between IMPERIAL IRRIGATION DISTRICT, an irrigation district organized and existing under and by virtue of the California Irrigation District Act of the State of California and acts amendatory thereof or supplementary thereto, with its principal office at El Centro, Imperial County, California, said District being hereinafter sometimes styled "Imperial District", and COACHELLA VALLEY COUNTY WATER DISTRICT, a County Water District organized and existing under and by virtue of the County Water District Act of the State of California and acts amendatory thereof or supplementary thereto, and having its office at Coachella, Riverside County, California, said District being hereinafter sometimes styled "Coachella District",

W I T N E S S E T H :

RECITALS.

Sec. 2. THAT, WHEREAS, Pursuant to the terms of the Boulder Canyon Project Act, approved December 21, 1928 (45 Stat. 1057), the Secretary of the Interior is authorized to construct a main canal and appurtenant structures located entirely within the United States, connecting Laguna Dam or other suitable diversion dam, which said Secretary is authorized to construct, with Imperial and Coachella Valleys in California; and

Sec. 3. WHEREAS, The Secretary of the Interior has determined upon engineering and economic considerations to construct a new diversion dam on the Colorado River approximately four and one-half miles above Laguna Dam, which new diversion dam has

heretofore been and is designated Imperial Dam; and

Sec. 4. WHEREAS, Pursuant to the Boulder Canyon Project Act, a contract, dated December 1, 1932, hereinafter styled "Imperial Contract", has heretofore been executed between the United States and Imperial District for the construction of said Imperial Dam, main canal and appurtenant structures, which said main canal and appurtenant structures are hereinafter styled "All-American Canal", and for the repayment of the cost thereof as provided by law; and

Sec. 5. WHEREAS, By said Imperial Contract, certain lands in Coachella Valley, and within Coachella District and lands adjacent to said District may, by petition, be included within the boundaries of Imperial District, and if said lands are not so included, then the works and capacity to serve said lands shall not be constructed under said contract; and

Sec. 6. WHEREAS, Said Coachella District through its Board of Directors has determined that said lands will not become a part of Imperial District pursuant to said contract, and that Coachella District desires to obtain a contract, hereinafter styled "Coachella Contract", with the United States, separately from Imperial District, for capacity in said Imperial Dam and All-American Canal to be provided for the benefit of said Coachella District, in addition to the capacity therein provided for Imperial District, and to pay the proper cost of such capacity; and

Sec. 7. WHEREAS, Under date of August 18, 1931, an agreement was made between certain interested agencies in California, including the parties to this agreement, for the apportionment of the Colorado River water available for use within the State of California under the Colorado River Compact and the Boulder Canyon Project Act, a portion of which agreement is set out in Article 17 of said Imperial Contract as being a recommendation of the Chief of the Division of Water Resources of the State of California; and

Sec. 8. WHEREAS, Water for irrigation and domestic uses in the areas to be served under or from the All-American Canal in Imperial and Coachella Valleys will be supplied pursuant to the third and sixth priorities of said recommendation of the Chief of the Division of Water Resources of the State of California; and

Sec. 9. WHEREAS, Imperial District has certain prior rights to the use of the waters of the Colorado River, and the extent of said rights is in dispute as between the parties hereto, and each of said parties makes certain claims as to the use of said waters; and

Sec. 10. WHEREAS, The parties hereto, upon their respective contracts with the United States becoming effective and said All-American Canal being constructed, will respectively have certain power possibilities on the All-American Canal, which it is desired to have developed, operated and controlled as a unified project; and

Sec. 11. WHEREAS, Controversy has arisen and now exists between the parties hereto as to the extent and relation of their respective present and future rights to water and power on and from said All-American Canal, which controversy it is desired to have compromised and settled by this agreement;

NOW, THEREFORE, In consideration of the premises and the mutual obligations and covenants of the parties hereto and as a compromise and settlement of their said respective rights, privileges and claims respecting the matters herein contained, it is agreed:

COACHELLA CONTRACT

Sec. 12. Coachella District will forthwith apply to the proper governmental authorities for a contract between itself and the United States for the construction by the United States of the portion of the Imperial Dam and All-American Canal which will serve said District, and for the payment of its proper proportion of construction and other costs and for delivery of water; said contract to be in harmony with the provisions of the Imperial Contract and this agreement. The draft of said proposed Coachella Contract attached hereto and marked "Annex A" has been examined by

Imperial District and the substance of said draft is approved by the parties hereto. Imperial District agrees that said draft, or such other draft as may be acceptable to the United States and in harmony with the provisions of the Imperial Contract and of this agreement, may be executed between the Coachella District and the United States. Imperial District will actively assist Coachella District in obtaining execution of such contract by the United States.

VALIDATION ACTION

Sec. 13. That forthwith upon the execution of this agreement Coachella District will cause to be dismissed on behalf of itself and A. B. Cliff, John H. Colbert, R. C. Egnew, J. C. Jones and Washington McIntyre, with the stipulation that remittiture issue forthwith and that each party pay his or its own costs, their appeal now pending in the Supreme Court of California, in that certain action entitled: "In the Matter of the validation of a Contract Dated Dec. 1, 1932, Entitled 'Contract for Construction of Diversion Dam, Main Canal and Appurtenant Structures, and for Delivery of Water', between the United States of America and Imperial Irrigation District. John L. Dubois, et al., Plaintiffs and Respondents, vs. All Persons, Defendants; Coachella Valley County Water District et al., Defendants and Appellants", being L.A. No. 14487, and this agreement shall not become effective for any purpose unless and until said appeal is so dismissed on behalf of all of said parties within ten (10) days from the execution hereof. Coachella District will actively assist in bringing said action to an early and final conclusion to the end that the present judgment be sustained.

GENERAL PROVISIONS

Sec. 14. The provisions of this agreement hereinafter set forth shall be effective and binding upon the parties hereto only in the event that the Coachella contract above mentioned is executed by and between the United States and said Coachella District prior to the transfer of constructed works to Imperial District

for operation and maintenance, as provided by said Imperial Contract, and such Coachella Contract prior to such transfer or thereafter becomes binding upon the parties thereto, pursuant to law. After this agreement becomes effective, it, together with the lease herein provided for, shall terminate in the event Coachella District shall be relieved of all obligations under the Coachella Contract, by reason of failure of the United States to complete the works to be constructed thereunder.

WATER

Sec. 15. As a full and complete compromise and settlement of the controversy existing between the parties hereto as to the extent and priority of their respective rights and claims to the use of the waters of the Colorado River, it is agreed, as between said parties, that:

Imperial Irrigation District shall have the prior right for irrigation and potable purposes only, and exclusively for use in the Imperial Service Area, as hereinafter defined, or hereunder modified, to all waters apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in Imperial and Coachella Valleys as provided in the third and sixth priorities set out in the recommendation of the Chief of the Division of Water Resources of the State of California, as contained in Article 17 of the Imperial Contract. Subject to said prior right of Imperial Irrigation District, Coachella Valley County Water District shall have the next right, for irrigation and potable purposes only and exclusively for use in the Coachella Service Area, as hereinafter defined, or hereunder modified, to all waters so apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in the Imperial and Coachella Valleys, as provided in said third and sixth priorities. The use of water for generation of electric energy shall be, in all respects, secondary and subservient to all requirements of said two districts for irrigation and potable purposes as above limited.

As hereinabove used, the term "Imperial Service Area" shall comprise all lands within the boundaries of Imperial Irrigation District as said District was constituted on June 23, 1931, and all lands in Imperial and San Diego Counties, California, shown on map marked Exhibit "A", attached to said Imperial contract, and included within hatched border lines indicated on said map by legend as "Boundary of Additional Areas in Proposed Enlarged Imperial Irrigation District", other than (a) such of said lands as are labeled "Dos Palmas Area" and (b) such of said lands as lie West of Salton Sea and North of the Northerly boundary line of Township 11, South of the San Bernardino Base Line. The term "Coachella Service Area" shall comprise all lands described on statements hereto attached and marked "Exhibits" "B", "C", "D" and "E", respectively, being approximately, but not exactly, the lands within said hatched border lines shown on said Exhibit "A", other than those included in said Imperial Service Area. Upon application of either district and with the written consent of the Secretary of the Interior, the boundaries of the service area which such district is entitled hereunder to serve may at any time or from time to time be changed, but may not be so changed as, in the aggregate, to add more than 5000 acres to, nor to subtract more than 5000 acres from such service area, as herein defined, without the written consent of the district entitled hereunder to serve the other service area. Coachella District shall not participate in any revenues received by Imperial District for diverting, carrying and delivering at or near Pilot Knob, water for irrigation or domestic use for any person or agency other than the parties hereto, and Coachella District shall perform no such service at or near Pilot Knob.

APPLICATIONS TO APPROPRIATE WATER

Sec. 16. The parties hereto agree that their respective applications to appropriate water from the Colorado River for irrigation and domestic purposes heretofore filed with the Division of Water Resources of the State of California be deemed amended to conform with the foregoing provisions of this agreement and stipulate

that permits be issued to them, respectively, in accordance herewith and agree to file with said Division all necessary papers and stipulations to that end. Except as between the parties hereto the provisions of this agreement shall not affect nor impair any rights of either party to the waters of the Colorado River.

LEASE OR POWER RIGHTS

Sec. 17. As a compromise and settlement of the controversy existing between the parties hereto as to all power possibilities, power rights, power resources and power privileges upon the whole of said All-American Canal in both Imperial and Riverside Counties, now or hereafter held, owned, or possessed by said parties, or either of them, including all those at or near Pilot Knob, which said power possibilities, power rights, power resources and power privileges are hereinafter styled "power rights", and to combine and co-ordinate all of said power rights as a unified project so as to produce the maximum benefits to the parties hereto and to the United States, it is agreed that the parties hereto will, within a reasonable time after the execution of said Coachella Contract, execute a good and sufficient lease agreement, wherein Coachella District shall demise to Imperial District all of said power rights which the Coachella District may now have or hereafter obtain. Said lease, among other reasonable provisions, shall provide:

(a) That the term of said lease shall commence with the date thereof and terminate on January 1, 2033; provided, that should the term herein or in said lease fixed exceed that permitted by law at the date of said lease, then said term shall be deemed reduced to the longest period permitted by law;

(b) That said lease shall vest in Imperial District the entire and exclusive operation, management, development and control of all said power rights and the use, sale and control of power produced therefrom;

(c) That subject to the conditions hereinafter contained, Imperial District shall pay, on March first of each year, as rental for said demised power rights, eight per cent of the net proceeds, as defined in sub-section (f) hereof, received by Imperial District during the preceding calendar year from all said power rights held, owned or possessed by both parties hereto and from all power works and power facilities by or in connection with which Imperial District utilizes said power rights;

(d) That said rentals shall be paid by Imperial District to the United States and credited on the Coachella Contract until Coachella District's obligations to the United States under said contract are fully paid, and thereafter Imperial District shall pay said rentals to Coachella District;

(e) That no rentals shall be due or payable unless and until capacity in the All-American Canal shall have been provided for Coachella District down to Pilot Knob;

(f) That in determining said net proceeds, as between the parties hereto, there shall be taken into consideration all items of cost of production and disposal of power, including, but not necessarily limited to amortization of and interest on capital investment for power purposes, improvements, operation and maintenance, and depreciation, and any other proper factor of cost not herein expressly enumerated;

(g) That the determination of said net proceeds for the purpose of ascertaining rentals payable under said lease shall be made without reference to the fact that as to Imperial District said rentals will constitute a part of the cost of doing business;

(h) That on March first of each year Imperial District shall furnish to Coachella District a statement of account showing the computation of said rental;

(i) That Coachella District shall not be required to contribute in any manner to the cost of construction, operation or maintenance of any power works or facilities on or in connection with the All-American Canal, except indirectly, as said

items may be taken into consideration in determining rentals to be paid under said lease;

(j) That said lease shall terminate upon Coachella District being relieved of obligations as provided in Section 14 hereof and/or at the option of Coachella District, in the event of default in any payment of rentals by Imperial District for a period of two years;

(k) That any overdue rental shall bear interest at the rate of one-half of one per cent per month until paid;

(l) That when Imperial District is ready to undertake construction of facilities to serve electrical energy (herein designed "power") in Coachella Valley, Coachella District shall obtain for Imperial District signed contracts or applications for power as provided in Section 18 hereof, and be otherwise subject to the provisions of said Section 18;

(m) That when Imperial District is ready to serve power from the All-American Canal in Coachella Valley, then, if and while said lease is in effect, Imperial District will furnish such power in Coachella District at the rates and upon the conditions provided in Section 19 hereof;

(n) That Coachella District shall, by its officials or designated representatives, have the right of ingress to and egress from all power works and facilities of Imperial District for the purpose of inspection thereof, and full and free access to and the right during office hours to inspect and copy all books and records of Imperial District relating to its power operations;

(o) That the interest of Imperial District under said lease shall not, nor shall any part thereof nor interest therein, be assigned, nor shall Imperial District sublet any part of nor interest in said demised power rights without the written consent of Coachella District;

(p) That at the termination of said lease the rights and privileges of the

parties thereto shall be segregated and/or adjusted as may be equitable and just, having in view the business, interests and investments of the parties and their respective legal and equitable rights in said power rights, works and facilities on or in connection with the All-American Canal;

(q) That in the event the parties cannot agree upon such segregation or adjustment, then the same shall be made by a board of arbitration, consisting of five persons, one to be selected by Imperial District, one by Coachella District, and three by the Secretary of the Interior and the decision of said board of arbitration shall be final and binding upon the parties to said lease;

(r) That nothing contained in said lease shall be construed as in any manner abridging, limiting, or depriving either of the parties thereto of any means of enforcing any remedy, either at law or in equity, for the breach of any of the provisions of said lease which it would otherwise have;

(s) That the waiver of a breach of any of the provisions of said lease shall not be deemed to be a waiver of any other provision thereof or of a subsequent breach of such provision.

POWER CONTRACTS

Sec. 18. When the lease provided for in Section 17 hereof has been executed and Imperial District is ready to undertake construction of facilities to serve electrical energy, (herein styled "power") in Coachella Valley it shall notify Coachella District of said fact in writing and it shall thereupon be the duty of Coachella District to obtain for Imperial District, within six months after service of such notice, contracts or applications for power signed by consumers using at the time of service of such notice not less than eighty per cent of the power load then being consumed in the Coachella Service Area. Such contracts or applications shall be in such form and substance as reasonably required by Imperial District and shall among other things bind the consumer to take from Imperial District all power that

he may require in Coachella District for a period of three years. In the event of disagreement between the parties as to whether or not Coachella District has complied with the foregoing provisions of this section on its part to be complied with, then the Secretary of the Interior may, at the written request of either party, determine said fact and notify the parties hereto of such determination in writing, and such determination shall be final and binding upon the parties hereto. Notwithstanding anything herein or in said lease contained, there shall be no obligation on the part of the Imperial District for rentals under said lease during the time, if any, after said six months period that said signed contracts or applications for said eighty per cent of power load have not been so delivered.

POWER RATES

Sec. 19. When the lease provided for in Section 17 hereof has been executed and Imperial District is ready to serve power from the All-American Canal in Coachella Valley then, and while said lease remains in effect, Imperial District will furnish such power in Coachella District upon the following terms:

A. To Coachella District, for use by itself for project purposes within said Coachella Service Area as such project purposes are hereinafter defined, at rates in no case exceeding the cost of power delivered in Coachella Valley, plus fifteen per cent, and in no event at rates higher than are charged by Imperial District to itself for like uses with such additional charges as may be necessary to offset difference in costs of transmitting power as between Imperial and Coachella Valleys. Subject to the foregoing provisions, Coachella District agrees that, for a period of five years from and after the service of the notice provided for in Section 18 hereof said Coachella District will purchase from Imperial District and pay for all power Coachella District may require for project purposes within the Coachella Service Area, and for which Imperial District has sufficient facilities and is prepared to serve. Imperial District shall not be required to furnish power to Coachella District for

project purposes at points where Imperial District does not then have sufficient facilities for such power service.

"Project Purposes" as used in this section shall be understood to mean construction, operation and maintenance of Coachella District's irrigation and drainage system within the Coachella Service Area, where such construction, operation, or maintenance is of a general public nature and not individual or private in character.

B. To all consumers within Coachella District, other than to Coachella District for project purposes, at no higher rates than those charged, and under the same conditions and regulations as those prescribed, by Imperial District for like service to consumers within Imperial District with such additional charges as may be necessary to offset difference in costs of transmitting power as between Imperial and Coachella Valleys. In no event shall such rates to such consumers exceed seventy-five per cent of the rates paid for like service by individual consumers in Coachella District on January 1, 1934, based upon the purchasing power of the dollar on said date. Imperial District shall make such further reduction in rates to such consumers as may be necessary to meet competitive rates for like service of any public utility, at the time authorized by the Railroad Commission of the State of California, or other authority succeeding to its functions, and able to serve such consumers, but in no event shall Imperial District be required to charge rates that will return less than the cost of service.

POWER PERMITS

Sec. 20. The parties hereto agree to cooperate to the end that all necessary and proper permits and licenses to appropriate water for power purposes and construct power facilities may be obtained from the Division of Water Resources of the State of California and/or Federal Power Commission as may be authorized by law and hereby stipulate that such permits and licenses issue to the parties hereto, as follows, to-wit:

1. To Imperial District, as to all such permits and licenses on the portion of the All-American Canal shown on said Exhibit "A" and marked "Main (All American) Canal to Imperial Valley" lying west of the southerly end of the "Main (All American) Canal to Coachella Valley" as same is shown on said Exhibit "A";
2. To Coachella District, as to all such permits and licenses on the portion of the All-American Canal shown on said Exhibit "A" and marked "Main (All American) Canal to Coachella Valley" lying North of the Northerly boundary line of Township 11, South of the San Bernardino Base Line;
3. To Imperial District and Coachella District, as their respective privileges to utilize power possibilities may appear from their said contracts with the United States, as to all such privileges on all portions of the Imperial Dam and All-American Canal, including Pilot Knob, not hereinabove specified.

AGREEMENT VOID IF CERTAIN LANDS INCLUDED
IN IMPERIAL DISTRICT

Sec. 21. In the event lawful petition or petitions sufficient in all respects for inclusion within Imperial District of ninety per cent (90%) of the lands shown on said Exhibit "A" lying north of the northerly boundary line of Township Eleven (11), South of the San Bernardino Base Line and bounded by the lines indicated on said Exhibit "A" as "Boundary of Additional Areas in Proposed Enlarged Imperial Irrigation District", exclusive of the Dos Palmas Area and exclusive of Indian lands and public lands of the United States, shall be filed pursuant to and within the time limited by said Imperial Contract, and said lands shall be thereafter included

within said Imperial District pursuant to such petition or petitions, then, as of the date of such inclusion, this agreement shall terminate and be at an end.

REMEDIES UNDER AGREEMENT NOT EXCLUSIVE

Sec. 22. Nothing contained in this agreement shall be construed as in any manner abridging, limiting, or depriving either of the parties hereto of any means of enforcing any remedy, either at law or in equity, for the breach of any of the provisions hereof which it would otherwise have. The waiver of a breach of any of the provisions of this agreement shall not be deemed to be a waiver of any other provision hereof or of a subsequent breach of such provision.

Sec. 23. This agreement shall not be interpreted nor construed so as to amend, modify or change said Imperial Contract in any particular, and no provision hereof in conflict with said Imperial Contract shall be of any force or effect. As to any provisions hereof in which the United States is interested this agreement shall be deemed to be made expressly for the benefit of the United States, as well as of the parties hereto.

Sec. 24. This agreement shall inure to and be binding upon the parties hereto, their and each of their respective successors and assigns.

IN WITNESS WHEREOF, Said parties have executed this agreement in triplicate original by their respective officers, thereunto duly authorized by resolutions of their respective Boards of Directors, the day and year first above written.

IMPERIAL IRRIGATION DISTRICT

(SEAL)

By Evan T. Hewes (Signed)
Its President.

ATTEST: W. W. Goodson (Signed)
Its Secretary.

COACHELLA VALLEY COUNTY WATER DISTRICT

By Harry W. Forbes (Signed)
Its President

(SEAL)

ATTEST: Helen F. Runyen (Signed)
Its Secretary

EXHIBIT "B"

DESCRIPTION OF LANDS WITHIN
COACHELLA VALLEY COUNTY WATER DISTRICT AND
ITS IMPROVEMENT DISTRICT NO. 1 AND
WITHIN THE COACHELLA SERVICE AREA.

All that certain tract of land situate in the County of Riverside, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the S.W. corner of the S.E. $\frac{1}{4}$ of Section 31, Township 8 South, Range 9 East, which is a point in the South boundary line of said Coachella Valley County Water District and thence along straight lines

1. To the S.W. corner of Sec. 10, T. 8, R. 8, thence
2. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 33, T. 7, R. 8, thence
3. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
4. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 19, T. 7, R. 8, thence
5. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 19, thence along the West line of said Sec. 19
6. To the N.W. corner of said Sec. 19, thence along the South line of Sec. 13, T. 7, R. 7.
7. To the S.W. corner of said Sec. 13, thence along the West line of said Sec. 13
8. To the N.W. corner of said Sec. 13, thence
9. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 11, T. 7, R. 7, thence
10. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 11, thence along the West line of said Sec. 11
11. To the N.W. corner of said Sec. 11, thence along the South line of Sec. 3

in said Township and Range

12. To the S.W. corner of said Sec. 3, thence along the West line of said Sec. 3

13. To the N.W. corner of said Sec. 3, thence along the South line of Secs. 34 and 33, T. 6 South, R. 7 East

14. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 33, T. 6, R. 7, thence

15. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 28, T. 6, R. 7, thence

16. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, thence

17. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 20, T. 6, R. 7, thence

18. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 20, thence

19. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

20. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

21. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 17, T. 6, R. 7, thence

22. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 8, T. 6, R. 7, thence

23. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

24. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

25. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

26. To the N.W. corner of said Sec. 8, thence

27. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 7, T. 6, R. 7, thence

28. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 7, thence

29. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence

30. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence

31. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 7, thence along the West line of said Sec. 7

32. To the S.E. corner of Sec. 1, T. 6, R. 6, thence along the South line of said Sec. 1

33. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 1, thence

34. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 1, thence along the North line of said Sec. 1

35. To the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 36, T. 5, R. 6, thence

36. To the N.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 36, thence

37. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 31, T. 5, R. 7, thence

38. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 19, T. 5, R. 7, thence

39. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 19, thence

40. North along the West line of said T. 5, South to a point in the North-easterly line of the right-of-way of the State Highway commonly known as "U. S. Highway 99", thence

41. Northwesterly along said Northeasterly line of said right-of-way of said Highway to the intersection of said line with the Westerly line of the E. $\frac{1}{2}$ of Sec. 19, T. 4, R. 6, thence

42. To the N.W. corner of the S.E. $\frac{1}{4}$ of Sec. 18, T. 4, R. 6, thence

43. To the N.E. corner of the S.E. $\frac{1}{4}$ of Sec. 15, T. 4, R. 6, thence

44. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 23, T. 4, R. 6, thence

45. To the N.E. corner of the S.E. $\frac{1}{4}$ of Sec. 24, T. 4, R. 6, thence

46. To the S. W. corner of the S.E. $\frac{1}{4}$ of Sec. 34, T. 4, R. 7, thence

47. To the N.E. corner of Sec. 3, T. 5, R. 7, thence

48. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 2, T. 5, R. 7, thence

49. To the S.E. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence

50. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

51. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 1, T. 5, R. 7, thence

52. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 1, thence

53. To the S.W. corner of Sec. 6, T. 5, R. 8, thence

54. To the S.W. corner of Sec. 15, T. 5, R. 8, thence along the West line of Sec. 22, T. 5, R. 8

55. To the S.W. corner of said Sec. 22, thence

56. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 27, T. 5, R. 8, thence
57. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 34, T. 5, R. 8, thence
58. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 34, thence
59. To the S.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 34, thence
60. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 34, T. 5, R. 8, thence
along the East line of said Sec. 34

61. To the S.E. corner of said Sec. 34, thence along the North line of Sec. 2,
T. 6, R. 8

62. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
63. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
64. To the S.E. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
65. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence
66. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence
67. To the S.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence
68. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence along
the East line of said Sec. 2

69. To the S.E. corner of said Sec. 2, thence

70. To the S.E. corner of Sec. 13, T. 6, R. 8, thence

71. To the S.E. corner of Sec. 3, T. 7, R. 9, thence along the South lines of
Sections 2 and 1 in said Township and Range

72. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 12, T. 7, R. 9, thence
73. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 12, thence
74. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 12, thence
75. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 12, thence
76. To the N.E. corner of the S.E. $\frac{1}{4}$ of said Sec. 12, being a point on the East
boundary line of said Coachella Valley County Water District, thence

77. South along said boundary line to the S.E. corner of Sec. 25, T. 7, R. 9,

thence along the South lines of said Sec. 25 and of Sec. 26 in said Township and Range

78. To the S.W. corner of said Sec. 26, thence
79. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 27, T. 7, R. 9, thence
80. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 27, thence
81. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 27, thence
82. To the N.W. corner of the S.W. $\frac{1}{4}$ of said Sec. 27, thence
83. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 28, T. 7, R. 9, thence
84. To the N.W. corner of the S.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 28, thence
85. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, T. 7, R. 9, thence along the North lines of said Sec. 28 and of Sec. 29 in said Township and Range
86. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 29, thence
87. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 29, thence
88. To the N.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 29, thence
89. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 29, thence
90. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 30, T. 7, R. 9, thence
91. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 30, thence
92. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 25, T. 7, R. 8, thence
93. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 25, thence
94. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 25, thence
95. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 25, thence
96. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 25, thence
97. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 36, T. 7, R. 8, thence
98. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 36, thence
99. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 36, thence
100. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 36, thence along the East line of said Sec. 36

101. To the S.E. corner of said Sec. 36, thence
102. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 6, T. 8, R. 9, thence
103. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 7, T. 8, R. 9, thence
104. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 7, thence along the West lines of said Sec. 7 and of Sec. 18 in said Township and Range
105. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
106. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
107. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
108. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
109. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 18, thence
110. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 18, thence along the East lines of said Sec. 18 and of Sec. 19 in said Township and Range
111. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 20, T. 8, R. 9, thence
112. To the N.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence
113. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence
114. To the S.E. corner of the N.E. $\frac{1}{4}$ of said Sec. 20, thence
115. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 21, T. 8, R. 9, thence
116. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 21, thence
117. To the S.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 21, thence
118. To the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 28, T. 8, R. 9, thence
119. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, thence
120. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 28, thence
121. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 33, T. 8, R. 9, thence along the North line of said Sec. 33
122. To the N.E. corner of said Sec. 33, thence along the East line of said

Sec. 33

123. To the S.E. corner of said Sec. 33, being a point in the Southerly boundary line of said Coachella Valley County Water District and of said County of Riverside, thence

124. West along said District and County boundary lines to the point of beginning.

EXHIBIT "C"

DESCRIPTION OF

LANDS OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT
AND WITHIN THE COACHELLA SERVICE AREA,
DESIGNATED THE SALTON AREA.

All that certain tract of land situate in the County of Riverside, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the N.W. corner of Section 18, Township 7 South, Range 10 East, which is a point in the East boundary line of said Coachella Valley County Water District, and running thence along the Northerly boundary lines of said Section 18 and of Section 17 in said Township and Range:

1. To the N.E. corner of Sec. 17, T. 7, R. 10, thence
2. To the N.W. corner of Sec. 26, T. 7, R. 10, thence
3. To the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 26, thence
4. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 36, T. 7, R. 10, thence
5. To the S.E. corner of said Sec. 36, thence
6. To the S.E. corner of Sec. 6, T. 8, R. 11, thence
7. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 6, thence
8. To the S.E. corner of the N.W. $\frac{1}{4}$ of Sec. 7, T. 8, R. 11, thence
9. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence
10. To the S.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 7, thence
11. To the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 18, T. 8, R. 11, thence
12. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
13. Along the Southerly line of the N.W. $\frac{1}{4}$ of said Sec. 18, and the Westerly

projection of said Southerly line to an intersection with the Northeasterly line of the Southern Pacific main line railroad right-of-way running through the N.E. $\frac{1}{4}$ of Sec. 13, T. 8, R. 10, thence

14. Northwesterly along said Northeasterly line of said railroad right-of-way to the intersection of said Northeasterly line with the South line of Sec. 28, T. 7, R. 10, or the Easterly projection thereof, thence along the Southerly lines of said Sec. 28 and of Sec. 29 and Sec. 30 in said Township and Range,

15. To the S.W. corner of said Sec. 30, being a point in the East boundary line of said Coachella Valley County Water District, thence

16. North along said District boundary line to the point of beginning.

EXHIBIT "D"

DESCRIPTION OF LANDS

OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT AND
WITHIN THE COACHELLA SERVICE AREA,
DESIGNATED THE DOS PALMAS AREA.

All that certain tract of land situate in the Counties of Riverside and Imperial, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the S.E. corner of Sec. 33, T. 8 South, R. 12 East, which is a point in the Southerly boundary line of said County of Riverside, and running thence along the Easterly boundary line of said Sec. 33:

1. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 33, thence
2. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 33, thence
3. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 33, thence
4. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
5. To the N.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
6. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 32, T. 8, R. 12, thence
7. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 32, thence
8. Along the Northerly line of said Sec. 32 to the N.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 32, thence
9. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 29, T. 8, R. 12, thence
10. To the N.W. corner of said S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 29, thence
11. Along the Westerly boundary line of said Sec. 29 to the N.W. corner of the S.W. $\frac{1}{4}$ of said Sec. 29, thence
12. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 30, T. 8, R. 12, thence

13. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 30, thence
14. Along the Northerly boundary line of said Sec. 30 to the N.W. corner of said Sec. 30, thence
15. Along the Westerly boundary line of Sec. 19, T. 8, R. 12, to the N.W. corner of said Sec. 19, thence
16. Along the Southerly boundary line of Sec. 13, T. 8, R. 11, to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 13, thence
17. To the N.W. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 12, T. 8, R. 11, thence
18. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 7, T. 8, R. 12, thence
19. Along the Easterly boundary line of said Sec. 7 to the S.E. corner of said Sec. 7, thence
20. To the S.E. corner of Sec. 17, T. 8, R. 12, thence
21. Along the Westerly boundary line of Sec. 21, T. 8, R. 12, to the S.W. corner of the N.W. $\frac{1}{4}$ of said Section, thence
22. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 21, thence
23. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 21, thence
24. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 21, thence
25. Along the Easterly boundary line of said Sec. 21 to the S.E. corner of said Sec. 21, thence
26. Along the Northerly boundary line of Sec. 27, T. 8, R. 12, to the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 27, thence
27. To the S.E. corner of Sec. 26, T. 8, R. 12, thence.
28. Along a straight line between the N.W. corner and the S.E. corner of Sec. 36, T. 8, R. 12, to a point where said straight line intersects a projection Northerly of the East line of Sec. 2, T. 9, R. 12, thence
29. Along said last-named projected line and the East line of said Sec. 2 to

the S.E. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

30. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

31. To the S.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 2, thence

32. Along the Southerly boundary line of said Sec. 2 to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 2, thence

33. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 11, T. 9, R. 12, thence

34. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 10, T. 9, R. 12, thence

35. Along the West line of Sec. 10 to the N.W. corner of said Sec. 10, thence

36. Along the South line of Sec. 4, T. 9, R. 12, to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

37. To the N.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

38. To the S.W. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

39. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 4, being a point in the Southerly boundary line of said County of Riverside, thence

40. Along said boundary line and the Northerly boundary line of said Sec. 4 to the point of beginning.

EXHIBIT "E"

DESCRIPTION OF LANDS

OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT AND

WITHIN THE COACHELLA SERVICE AREA,

DESIGNATED THE FISH SPRINGS AREA

All that certain tract of land situate in the County of Imperial, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 4, T. 9, R. 9, which is a point in the South boundary line of Coachella Valley County Water District and of the County of Riverside and the North Boundary line of the County of Imperial and running thence along said boundary lines and along the Northerly boundary lines of said Sec. 4 and of Sec. 5, T. 9, R. 9:

1. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 5, thence
2. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 8, T. 9, R. 9, thence
3. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 8, thence
4. To the S.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 8, thence
5. To the S.E. corner of Sec. 17, T. 9, R. 9, thence
6. To the S.E. corner of Sec. 21, T. 9, R. 9, thence
7. To the S.W. corner of Sec. 12, T. 10, R. 9, thence
8. Along the Southerly boundary line of said Sec. 12 to the S.E. corner of said Sec. 12, thence
9. To the S.E. corner of Sec. 6, T. 10, R. 10, thence
10. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 6, thence
11. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 16, T. 9, R. 9, thence

12: To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 4, T. 9, R. 9, thence

13: To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 4, thence to the point of beginning.

Annex "A"

UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Reclamation

BOULDER CANYON PROJECT
ALL-AMERICAN CANAL
COACHELLA VALLEY COUNTY WATER DISTRICT

Contract for Construction of Capacity in Diversion Dam,
Main Canal and Appurtenant Structures and for Delivery of Water.

Article 1. THIS CONTRACT, made this _____ day of _____, nineteen hundred thirty-four, pursuant to the Act of Congress approved June 17, 1902 (32 Stat., 388), and acts amendatory thereof or supplementary thereto, all of which acts are commonly known and referred to as the Reclamation Law, and particularly pursuant to the Act of Congress approved December 21, 1928 (45 Stat., 1057), designated the Boulder Canyon Project Act, and the Act of Congress approved June 16, 1933 (48 Stat., 195), designated the National Industrial Recovery Act, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, acting for this purpose by Harold L. Ickes, Federal Emergency Administrator of Public Works and Secretary of the Interior, hereinafter styled the Secretary, and COACHELLA VALLEY COUNTY WATER DISTRICT, a County Water District created, organized and existing under and by virtue of the County Water District Act of the State of California, and acts amendatory thereof or supplementary thereto, with its principal place of business at Coachella, Riverside County, California, hereinafter referred to as the District;

W I T N E S S E T H :

Explanatory Recitals

Article 2. WHEREAS, for the purpose of controlling the floods, improving navigation and regulating the flow of the Colorado River, providing for storage and for the delivery of the stored waters for reclamation of public lands and other beneficial uses exclusively within the United States, the Secretary, subject to the terms

of the Colorado River Compact, is authorized to construct, operate and maintain a dam and incidental works in the main stream of the Colorado River at Black Canyon or Boulder Canyon, adequate to create a storage reservoir of a capacity of not less than twenty-million acre-feet of water, and a main canal and appurtenant structures located entirely within the United States connecting the Laguna Dam, or other suitable diversion dam, which the Secretary is also authorized to construct if deemed necessary or advisable by him upon engineering or economic considerations, with the Imperial and Coachella Valleys in California, the expenditures for said main canal and appurtenant structures to be reimbursable as provided in the reclamation law; and

Article 3. WHEREAS, after full consideration of the advantages of both the Black Canyon and Boulder Canyon dam sites, the Secretary has determined upon Black Canyon as the site of the aforesaid dam, hereinafter styled the Boulder Dam, creating thereby a reservoir to be hereinafter styled the Boulder Canyon Reservoir; and

Article 4. WHEREAS, (a) there are included within the boundaries of the District areas of private and public lands and additional private and public lands will, by appropriate proceedings, be added to the District and to the Coachella Service Area, defined in Article 17 hereof; and

(b) There has been executed under date of December 1, 1932, a contract, herein styled Imperial Contract, between the United States and Imperial Irrigation District, an irrigation district created, organized and existing under and by virtue of the laws of the State of California, which contract provides for the construction of a suitable diversion dam and main canal and appurtenant structures, therein and hereinafter respectively styled "Imperial Dam" and "All-American Canal", located entirely within the United States, connecting with the Imperial and Coachella Valleys, and for the delivery to said Imperial Irrigation District of stored water from Boulder Canyon Reservoir; and

(c) Certain controversies between said two districts relating to their respective interests in water and power on said All-American Canal have been settled and

compromised by an agreement executed between said two districts, dated February 14th, 1934, a triplicate original of which said agreement was on _____, 1934, filed with the Secretary; and

(d) The District is desirous of entering into a contract for the construction of certain capacity for it in said Imperial Dam and All-American Canal and for the delivery to the District, for the benefit of the lands under or that will be served from the All-American Canal in Coachella Valley, now or hereafter within the District and lying within said Coachella Service Area, of stored water from Boulder Canyon Reservoir, such contract to be in harmony with the provisions of said Imperial Contract and those of said agreement dated February 14th, 1934; and

Article 5. WHEREAS, The Secretary has determined, upon engineering and economic considerations, that it is advisable to provide for the construction of such Imperial Dam and All-American Canal, and has determined that the revenues provided for by this contract are adequate in his judgment to insure payment of all expenses of construction, operation and maintenance of the capacity in said Imperial Dam and All-American Canal to be constructed hereunder, in the manner provided in the reclamation law;

Article 6. NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows, to-wit:

Construction by United States

Article 7. The United States will construct the Imperial Dam in the main stream of the Colorado River at the approximate location indicated on the map marked Exhibit "A" attached hereto and by this reference made a part hereof, and will also construct the All-American Canal to the Imperial and Coachella Valleys, the approximate location of said canal to be as shown on the aforesaid Exhibit "A". Said canal shall be so constructed as to provide a designed capacity of one thousand five hundred (1500) cubic feet of water per second, to be used by the District for the benefit of

the lands now or hereafter within the District and lying within said Coachella Service Area, from and including the diversion and desilting works at said dam to the southerly end of that portion of the All-American Canal designated on said Exhibit "A" as "Main (All-American) Canal to Coachella Valley" (hereinafter styled "Coachella Main Canal"). Said Coachella Main Canal shall be constructed with such capacities as the Secretary may conclusively determine to be necessary or advisable upon engineering or economic considerations to accomplish the ends contemplated by this contract; provided, however, that changes in capacities, locations, lengths and alignments, may be made during the progress of the work as may, in the opinion of the Secretary, whose opinion shall be final and binding upon the parties hereto, be expedient, economical, necessary or advisable, except the capacity above indicated from and including the diversion and desilting works at Imperial Dam to the Southerly end of said Coachella Main Canal, which capacity may be changed only by mutual agreement between the Secretary and the District. The ultimate cost to said two districts of the Imperial Dam and All-American Canal shall in no event exceed the aggregate sum of thirty-eight million, five hundred thousand dollars (\$38,500,000.00). Such cost shall include all expenses of whatsoever kind heretofore or hereafter incurred by the United States from the Reclamation Fund or the Colorado River Dam fund in connection with, growing out of, or resulting from the construction of said Imperial Dam and All-American Canal, including but not limited to the cost of labor, materials, equipment, engineering, legal work, superintendence, administration, overhead, any and all costs arising from operation and maintenance of said Imperial Dam and All-American Canal prior to the time that said costs are assumed respectively by the said two districts, damage of all kinds and character and rights-of-way as herein-after provided. The District hereby agrees to re-pay to the United States its share of all expenditures incurred on account of any and all damages due to the existence, operation or maintenance of the diversion dam and main canal, the incurrence of which increases expenditures by the United States beyond said sum of \$38,500,000.00.

The District shall re-pay the same share of said expenditures as the share to be paid by the District under Article 10 (b) hereof of the capital cost of the particular part of said works causing such damage. The United States will invoke all legal and valid reservations of rights-of-way under acts of Congress, or otherwise reserved or held by it, without cost to the District, except that the United States reserves the right where rights-of-way are thus acquired to reimburse the owners of such lands for the value of improvements which may be destroyed, and the District agrees that the United States may include such disbursements in the cost of the Imperial Dam and All-American Canal. If rights-of-way are required over an existing project of the Bureau of Reclamation, such sum or sums as may be necessary to reimburse the United States on account of the construction charges allocated to irrigable areas absorbed in such rights-of-way shall also be considered as a part of and be included with other costs of the Imperial Dam and All-American Canal. The District agrees to convey to the United States without cost, unencumbered fee simple title to any and all lands now owned by it which, in the opinion of the Secretary, may be required for right-of-way purposes for the Imperial Dam and All-American Canal; and the District agrees that Imperial Irrigation District may convey to the United States, unencumbered fee simple title to any and all lands now owned by it which, in the opinion of the Secretary, may be required for right-of-way purposes for those portions of the Imperial Dam and All-American Canal to be used in common by said two districts, at the fair market value thereof, to be determined by the Secretary, such value to be considered (as to the District) as a part of and included with other costs of the Imperial Dam and All-American Canal. Where rights-of-way within the State of California are required for the construction of Imperial Dam and All-American Canal, and such rights of way are not reserved to the United States under Acts of Congress, or otherwise, or the lands over which such rights of way are required are not then owned by either of said two districts, then the District agrees,

(a) that it will, upon request of the Secretary, acquire title to such lands required for such purposes as lie north of the lowest turnout for East Mesa on said Coachella Main Canal, and in turn convey unencumbered fee simple title thereto to the United States at the actual cost thereof to the District, subject to the approval of such cost by the Secretary; and (b) agrees that Imperial Irrigation District, upon request of the Secretary, may acquire title to any such lands required for such purposes as lie south of the Northerly boundary line of Township Eleven (11), South of the San Bernardino Base Line, and likewise convey unencumbered fee simple title thereto to the United States at the actual cost thereof to the Imperial Irrigation District, subject to the approval of such cost by the Secretary.

Assumption of Operation and Maintenance
of Common and Separate Works.

Article 8. (a). Imperial Dam and All-American Canal and Laguna Dam except (i) that portion of said Coachella Main Canal lying North of the Lowest turnout for East Mesa and (ii) that portion of the All-American Canal lying West of the Southerly end of said Coachella Main Canal and designated on said Exhibit "A" as "Main (All American) Canal to Imperial Valley" are herein styled "common works". Upon sixty (60) days written notice from the Secretary of the completion of construction of the Imperial Dam and All-American Canal, or of any major unit thereof useful to said two districts or either of them, as determined by the Secretary, whose determination thereof shall be final and binding upon the parties hereto, said Imperial Irrigation District may assume the care, operation and maintenance of said common works, or major units thereof, and thereafter said Imperial Irrigation District may care for, operate and maintain the same in such manner that such works shall remain in as good and efficient condition and of equal capacity for the diversion, transportation and distribution of water as when received from the United States, reasonable wear and damage by the elements excepted. The United States may, from time to time, in the discretion of the Secretary, resume operation and maintenance of said Imperial Dam

upon not less than sixty (60) days written notice and require reassumption thereof by said Imperial Irrigation District on like notice. During such times, after completion, as the Imperial Dam is operated and maintained by the United States, the District shall on March first of each year advance to the United States its share of the estimated cost of operation and maintenance for the following twelve months, upon estimates furnished therefor on or before September first next preceding. Such share to be advanced by the District shall be in the proportion that the capacity provided for the District in common works above Syphon Drop bears to the total capacity thereof.

(b) From and after the assumption of operation and maintenance of said common works or any major unit thereof, by Imperial Irrigation District, the District shall bear such proportion of the cost of operation and maintenance (including repairs and replacements and any charges made by the United States under Article Nine (9) hereof) of each component part of said common works, as the capacity provided for the District in such component part bears to the total capacity thereof. The District agrees, expressly for the benefit of Imperial Irrigation District, to advance to Imperial Irrigation District on or before January first of each year its said proportionate share of the estimated cost for that year of such operation and maintenance in accordance with a written notice to be issued to it by Imperial Irrigation District, provided that payment shall in no event be due until thirty (30) days after receipt of such notice. Prior to March first of each year Imperial Irrigation District shall provide the District with a written statement showing in detail the cost for the previous year for operation and maintenance of the works on account of which the District has made advances. Differences between actual costs and estimated costs shall be adjusted in next succeeding notices. Upon request of the District, both the advance notice of estimated costs and the subsequent statement of actual costs for each year shall be reviewed by the Secretary and his determination of proper

charges shall be final. Such review shall not change the due date for advance payments as herein provided and the cost of such review shall be borne equally by said two districts. The Imperial Irrigation District may at its option withhold delivery of water from the District until its proportionate share of the costs of operation and maintenance has been advanced or paid, as in this article provided and until all sums due Imperial Irrigation District under Article 10 (c) hereof have been paid.

(c) Upon sixty (60) days written notice from the Secretary of the completion of construction of the Coachella Main Canal and appurtenant structures or of any major unit thereof useful to the District, as determined by the Secretary, whose determination thereof shall be final and binding on the parties hereto, the District shall assume the care, operation and maintenance of all such works north of the lowest turnout for East Mesa on said Coachella Main Canal, and thereafter the District shall, at its own cost and without expense to the United States, care for, operate and maintain the same in such manner that such works shall remain in as good and efficient condition and of equal capacity for the transportation and distribution of water as when received from the United States, reasonable wear and damage by the elements excepted.

Upon like notice Imperial Irrigation District may assume the care, operation and maintenance, at its own cost, of all works designated on said Exhibit "A" as "Main (All American) Canal to Imperial Valley", lying west of the southerly end of the Coachella Main Canal.

(d) After the care, operation and maintenance of any of the aforesaid works have been assumed by the District, the District shall save the United States, its officers, agents and employees harmless as to any and all injury and damage to persons and property which may arise out of the care, operation and maintenance thereof. In the event the United States fails to complete the works herein contemplated and the District fails to elect to make use of works theretofore partially or

wholly constructed, the District shall be fully relieved of any and all responsibility for any further operation and maintenance of any works theretofore taken over by the District for that purpose and thereupon the District shall no longer be responsible for said maintenance or operation or damage to person or property which may arise therefrom.

Keeping Diversion Dam, Main Canal and
Appurtenant Structures in Repair

Article 9. Except in case of emergency no substantial change in any of the works to be constructed by the United States and transferred to either of said two districts under the provisions hereof or under said Imperial Contract shall be made by such district, without first having had and obtained the written consent of the Secretary and the Secretary's opinion as to whether any change in any such works is or is not substantial shall be conclusive and binding upon the parties hereto. Such district shall promptly make any and all repairs to and replacements of all said works transferred to it under the terms and conditions hereof or under said Imperial Contract which, in the opinion of the Secretary, are deemed necessary for the proper operation and maintenance of such works. In case of neglect or failure of such district to make such repairs, the United States may, at its option, after reasonable notice to such district, cause such repairs to be made and charge the actual cost thereof, plus fifteen per centum (15%) to cover overhead and general expense to such district operating the works so repaired. On or before September first of each calendar year the United States shall give written notice to such district operating such works of the amount expended by the United States for repairs under this article during the twelve-month period immediately preceding. Such cost, plus overhead and general expense as stated above, shall be repaid by such district operating such works on March first immediately succeeding.

Agreement by District to pay for Works Constructed
by the United States

Article 10. (a) The District agrees to pay the United States its share, as defined in sub-article (b) of this Article, of the actual cost, not exceeding thirty-eight million five hundred thousand dollars (\$38,500,000.00), incurred by the United States on account of the Imperial Dam and All-American Canal, subject, however, to the provisions of Article seven (7) hereof; provided, that should Congress and other Governmental financing authorities fail to make necessary appropriations or allocations of money to complete the work herein provided for, then the Secretary may, at such reasonable time as he may consider advisable, after Congress and such other Governmental authorities shall have failed for five (5) consecutive years to make the necessary appropriations or allocations which shall have been annually requested by the Secretary, give the District notice of the termination of work by the United States and furnish a statement of the amount actually expended by the United States thereon. Upon the receipt of such notice by the District, the District shall be given two (2) years from and after such receipt of notice to elect whether it will utilize said works theretofore constructed hereunder, or some particular part thereof. Such election on the part of the District shall be expressed by resolution of the Board of Directors submitted to the electorate of the District for approval or rejection in the manner provided by law for submission of contracts with the United States. If the District elects not to utilize, or fails within said two-year period to elect to utilize said works constructed hereunder, or some portion thereof, then the District shall have no further rights therein and no obligations therefor. If the District elects to utilize said works or a portion thereof, then the reasonable value to the District of the works so utilized, not exceeding the actual cost thereof to the United States, shall be paid by the District under the terms of this contract; the first payment to be due and payable on the first day of March following the first day of August next succeeding the final determination of the reasonable

value to the District of such works, in case no further work is done by the District. Should the District elect to complete the work contemplated by this contract, or some portion thereof, the first payment shall be due and payable on the first day of March following the first day of August next succeeding the date of final completion of the work by the District as determined by the Secretary. In determining the value of such works to the District there shall be taken into account, among other things, the method of financing required and cost of money, so that in no event shall all of the works contemplated by this contract cost the District more than they would have cost the District had they all been constructed by the United States under the terms of this contract. In the event of failure of the parties to agree as to the reasonable value to the District of the works which the District elects to use, the same shall be determined as provided in Article twenty-six (26) hereof.

(b) The amounts herein agreed to be paid by the District to the United States shall be in accordance with the following proportions, which proportions the Secretary hereby determines to be equitable and just, to-wit:

i. That proportion of the total cost of that part of said common works above Syphon Drop, excepting Laguna Dam, that the capacity provided for the District therein bears to the total capacity thereof less the capacity to be provided without cost to and for the Yuma Project,

ii. That proportion of the total cost of each component part of all said common works, other than the part above Syphon Drop, that the capacity provided for the District in such part of said works bears to the total capacity thereof.

iii. The entire cost of all works North of the lowest turnout for East Mesa on the Coachella Main Canal.

(c) The District agrees to pay to the United States on the 31st day of December of each year commencing December 31, 1935, a portion (computed in the same manner as its share of costs of common works above Syphon Drop as agreed in Article 10 (b) i hereof) of each of the annual payments (together with interest required thereon,)

then or thereafter required to be made by Imperial Irrigation District to the United States for a connection with Laguna Dam, under its contract dated October 23, 1918, and under Article sixteen (16) of said Imperial Contract, or otherwise.

The Secretary hereby determines that it is equitable and just that the District pay, and the District agrees, expressly for the benefit of Imperial Irrigation District, to pay Imperial Irrigation District the same proportion of the aggregate sum which shall have been paid by Imperial Irrigation District to the United States prior to December 31, 1935, for a connection with Laguna Dam, as aforesaid, as the proportion herein agreed to be paid by the District to the United States of payments hereafter to be made for said connection with Laguna Dam. The aggregate sum to be paid by the District to Imperial Irrigation District shall be divided into ten equal installments, payable annually on March first of each year, commencing on or before the year 1939, with interest from date hereof on unpaid balances at the rate of six per centum (6%) per annum, payable March 1st, 1936, and annually thereafter. At its option, the District may at any time pay any amount on principal of said aggregate sum in advance of the due date and interest on the amount so paid shall thereupon cease,

(d) The lands now in the District, which are also situate in the Coachella Service Area, as defined in Article seventeen (17) hereof, are designated and described in statement hereto attached, marked Exhibit "B" and by this reference made a part hereof. The Board of Directors of the District does hereby declare, determine and find, and has by the ordinance by which it authorized the execution of this contract, declared, determined and found that only that portion of the District within said area described in said Exhibit "B" is susceptible for service with water from the waterworks contemplated under this contract and that said area shall be and constitute Improvement District No. 1 of the District. Said Board of Directors does further declare, determine and find and has, by said ordinance, declared, determined

and found that that portion of said Coachella Service Area not now in the District, of which description is hereto attached, marked Exhibit "C" and by this reference made a part hereof, (hereinafter styled "Salton Area"), is also susceptible of service from said water works, and that if and when said area described in Exhibit "C" is added to the District, said area shall also be added to, and entitled to the same benefits and subject to the same obligations as the lands in said Improvement District No. 1. Said Board of Directors does further declare, determine and find and has, by said ordinance, declared, determined and found, that those certain lands in said Coachella Service Area and not now in the District, (i) shown on said Exhibit "A" as enclosed within a hatched border line and marked "Dos Palmas Area", of which description is hereto attached, marked Exhibit "D" and by this reference made a part hereof, and (ii) shown on said Exhibit "A" as bounded on the East, South and West by a like hatched border line and on the North by the North boundary line of Imperial County and lying West of Salton Sea, (herein styled "Fish Springs Area") of which description is hereto attached, marked Exhibit "E" and by this reference made a part hereof, are also susceptible of service from said waterworks and that if and when said Dos Palmas Area, or any part thereof, is added to the District, it shall be and constitute Improvement District No. 2 of the District, and that if and when said Fish Springs Area, or any part thereof, is added to the District, it shall be and constitute Improvement District No. 3 of the District.

All lands now or hereafter situate both in said Coachella Service Area and in the District are, as a whole, obligated to pay to the United States the full amount herein agreed upon, regardless of the default or failure of any tract, or of any landowner, in the payment of the taxes levied by the District against such tract or landowner, and the District shall, when necessary, levy and collect appropriate taxes to make up for the default or delinquency of any such tract of land or of any such landowner in the payment of taxes, so that in any event, and regardless of any

defaults or delinquencies in the payment of any tax or taxes, the amounts due or to become due the United States shall be paid to the United States by the District when due. No lands in the District shall be charged with any taxes or assessments under this contract except those situate within said Coachella Service Area, as defined in Article seventeen (17) hereof, or as thereunder modified.

The Improvement Districts above mentioned are hereby required to be constituted and created as nearly as may be, in the manner prescribed in said County Water District Act for creation of Improvement Districts in County Water Districts in case of ordinary issuance of bonds.

Changes in Boundaries of Coachella Service Area

Article 11. After the date of this contract no change shall be made in the boundaries of the Coachella Service Area as defined in Article seventeen (17) hereof and the Board of Directors shall make no order changing the boundaries of said Coachella Service Area except as provided in said Article seventeen (17); provided, however, that the Secretary hereby consents to the inclusion in said Coachella Service Area of all of the lands described on Exhibits "B", "C", "D" and "E" hereto attached.

Terms of Payment

Article 12. The amount herein agreed to be paid to the United States shall be due and payable in not more than forty (40) annual installments commencing with the calendar year next succeeding the year when notice of completion of all work provided for herein is given to the District or under the provisions of Article 10 (a) hereof upon termination of work through failure of Congress and other Governmental authorities to make necessary appropriations or allocations therefor. The first five (5) of such annual installments shall each be one per centum (1%) of the amount herein agreed to be paid to the United States; the next ten (10) of such installments shall each be two per centum (2%) of the amount herein agreed to be paid to the United

states, and the remainder of such annual installments shall each be three per centum (3%) of the amount herein agreed to be paid to the United States. The sums payable annually as set forth above shall be divided into two (2) equal semi-annual payments, payable on March first and September first of each year; provided, however, that if notice of the completion of work is given to the District subsequent to August first of any year the first semi-annual installment of charges hereunder shall be due and payable on March first of the second succeeding year.

Operation and Maintenance Costs

Article 13. Each agency which hereafter contracts for capacity to be provided for it in Imperial Dam and All-American Canal and for which agency capacity is so provided shall bear such proportionate part of the cost of operation and maintenance (including repairs and replacements) of the component parts of Imperial Dam and All-American Canal and of the Laguna Dam as may be determined by the Secretary to be equitable and just, but not less than an amount in proportion to the total amount as are the relative capacities provided in each component part for such agency and for all other agencies, including the District. Each such agency shall advance to each district operating any works provided to be used in common by such district and such agency on or before January first of each year, its proportionate share of the estimated cost for that year of operation and maintenance in accordance with a notice to be issued by such district, provided that payment shall in no event be due until thirty (30) days after receipt of notice. Prior to March 1st of each year each such district shall provide each agency with a statement showing in detail the costs for the previous year for operation and maintenance of the works on account of which such agency has made advances. Differences between actual costs and estimated costs shall be adjusted in next succeeding notices. Upon request of any agency, both the advance notice of estimated costs and the subsequent statement of actual costs for each year shall be reviewed by the Secretary and his determination of proper charges

shall be final. Such review shall not change the due date for advance payments as herein provided, and the cost of such review shall be borne equally by the requesting agency and such district. Such district may, at its option, withhold the delivery of water from any agency until its proportionate share of the costs of operation and maintenance have been advanced or paid, as in this article provided.

Power Possibilities

Article 14. The power possibilities on the All-American Canal down to and including Syphon Drop with water carried for the benefit of the Yuma Project as provided for in Article fifteen (15) hereof, are hereby reserved to the United States. Subject to this reservation and the participation by other agencies as provided for in Article twenty-one (21) hereof, the District shall have the privilege of utilizing by contract or otherwise, by means of the capacity to be provided for the District hereunder, such power possibilities, including those at or near Pilot Knob, as may exist upon said canal at points where and to the extent that water diverted and/or carried for the District contributes to the development of power; provided, that such privilege shall not interfere with the utilizing by Imperial Irrigation District of such power possibilities at or near Pilot Knob, by means of the capacity to be provided for Imperial Irrigation District in the All-American Canal from Syphon Drop to Pilot Knob, in excess of 8,500 cubic feet of water per second. The net proceeds as hereinafter defined in Article thirty-one (31) hereof, and as determined by the Secretary for each calendar year, from any power development which the District is hereunder authorized to make, shall be paid into the Colorado River Dam fund on March first of the next succeeding calendar year and be credited to the District on this contract until the District shall have paid thereby and/or otherwise an amount of money equivalent to that herein agreed to be paid to the United States. Thereafter such net power proceeds shall belong to the District. It is agreed that in the event the net power proceeds in any calendar year,

creditable to the District, shall exceed the annual installment of charges payable under this contract during the then current calendar year, the excess of such net power proceeds shall be credited on the next succeeding unpaid installment to become due from the District under this contract.

Diversion and Delivery of Water for Yuma Project

Article 15. The District hereby consents that there be diverted at the Imperial Dam, and transported and delivered at Syphon Drop and/or such intermediate points as may be designated by the Secretary, the available water to which the Yuma Project (situated entirely within the United States and not exceeding in area 120,000 acres plus lands lying between the project levees and the Colorado River as such levees were located in 1931) is entitled, not exceeding two thousand (2,000) second-feet of water in the aggregate, or such part thereof as the Secretary may direct, for the use and benefit of said project, including the development of power at Syphon Drop, such water to be diverted, transported and delivered continuously in so far as reasonable diligence will permit; provided, however, that water shall not be diverted, transported or delivered for the Yuma Project when the Secretary notifies Imperial Irrigation District that said project for any reason may not be entitled thereto; provided, further, that there may be diverted, transported and delivered such water in excess of requirements for irrigation or potable purposes, as determined by the Secretary, on the Yuma Project as so limited, only when such water is not required by the District for irrigation or potable purposes. The diversion, transportation and delivery of water for the Yuma Project as aforesaid shall be without expense to the United States or its successors in control of said project, as to capital investment required to provide facilities for such diversion and transportation of water except such checks, turnouts and other structures required for delivery from said canal.

Contract of October 23, 1918

Article 16. That certain contract between the United States of America and Imperial Irrigation District, bearing date of October 23, 1918, providing for a connection with Laguna Dam, having been terminated, except as to the provisions of Article nine (9) thereof, by said Imperial Contract, the District hereby consents to such partial termination of said first mentioned contract. The District hereby consents that there be furnished to the United States or its successors in interest in the control, operation and maintenance of the Yuma Project, from any power development on the All-American Canal at or near Pilot Knob, up to but not to exceed four thousand horsepower of electrical energy for use by the agency in charge of project operations for irrigation and drainage pumping purposes and necessary incidental use on said Yuma Project, such power to be furnished at cost (including overhead and general expense) plus ten per cent; provided, however, that such power at or near Pilot Knob shall not be required to be furnished except at such times as all power feasible of development at Syphon Drop or developed elsewhere within a radius of 40 miles from the City of Yuma for the benefit of the Yuma Project is being used for project operations as in this article specified.

Delivery of Water by United States

Article 17. The United States shall, from storage available in the reservoir created by Boulder Dam, deliver to or for the District, for the benefit of the lands under or that will be served from the All-American Canal in Coachella Valley, now or hereafter within the District and lying within the Coachella Service Area, hereinafter defined, each year, at a point in the Colorado River immediately above Imperial Dam, so much water as may be necessary to supply the District a total quantity, including all other waters diverted for use within the District from the Colorado River, in the amounts and with priorities in accordance with the recommendation of the Chief of the Division of Water Resources of the State of California, as follows:

(Subject to availability thereof for use in California under the Colorado River Compact and the Boulder Canyon Project Act):

The waters of the Colorado River available for use within the State of California under the Colorado River Compact and the Boulder Canyon Project Act shall be apportioned to the respective interests below named and in amounts and with priorities therein named and set forth, as follows:

Section 1. A first priority to Palo Verde Irrigation District for beneficial use exclusively upon lands in said District as it now exists and upon lands between said District and the Colorado River, aggregating (within and without said District) a gross area of 104,500 acres, such waters as may be required by said lands.

Section 2. A second priority to Yuma Project of the United States Bureau of Reclamation for beneficial use upon not exceeding a gross area of 25,000 acres of land located in said project in California, such waters as may be required by said lands.

Section 3. A third priority (a) to Imperial Irrigation District and other lands under or that will be served from the All-American Canal in Imperial and Coachella Valleys, and (b) to Palo Verde Irrigation District for use exclusively on 16,000 acres in that area known as the "Lower Palo Verde Mesa," adjacent to Palo Verde Irrigation District, for beneficial consumptive use, 3,850,000 acre-feet of water per annum less the beneficial consumptive use under the priorities designated in Sections 1 and 2 above. The rights designated (a) and (b) in this section are equal in priority. The total beneficial consumptive use under priorities stated in Sections 1, 2 and 3 of this article shall not exceed 3,850,000 acre feet of water per annum.

Section 4. A fourth priority to the Metropolitan Water District of Southern California and/or the City of Los Angeles, for beneficial consumptive use, by themselves and/or others, on the Coastal Plain of Southern California, 550,000 acre-feet of water per annum.

Section 5. A fifth priority (a) to The Metropolitan Water District of Southern California and/or the City of Los Angeles, for beneficial consumptive use, by themselves and/or others, on the Coastal Plain of Southern California, 550,000 acre-feet of water per annum and (b) to the City of San Diego and/or County of San Diego, for beneficial consumptive use, 112,000 acre-feet of water per annum. The rights designated (a) and (b) in this section are equal in priority.

Section 6. A sixth priority (a) to Imperial Irrigation District and other land under or that will be served from the All-American Canal in Imperial and Coachella Valleys, and (b) to Palo Verde Irrigation District for use exclusively on 16,000 acres in that area known as the "Lower Palo Verde Mesa," adjacent to Palo Verde Irrigation District, for beneficial consumptive use, 300,000 acre-feet of water per annum. The rights designated (a) and (b) in this section are equal in priority.

Section 7. A seventh priority of all remaining water available for use within California, for agricultural use in the Colorado River Basin in California, as said basin is designated on Map No. 23000 of the Department of the Interior, Bureau of Reclamation.

Section 8. So far as the rights of the allottees named above are concerned, the Metropolitan Water District of Southern California and/or the City of Los Angeles shall have the exclusive right to withdraw and divert into its aqueduct any water in Boulder Canyon Reservoir accumulated to the individual credit of said District and/or said City (not exceeding at any one time 4,750,000 acre-feet in the aggregate) by reason of reduced diversions by said District and/or said City; provided, that accumulations shall be subject to such conditions as to accumulation, retention, release and withdrawal as the Secretary of the Interior may from time to time prescribe in his discretion, and his determination thereof shall be final; provided further, that the United States of America reserves the right to make similar arrangements with users in other States without distinction in priority, and to determine the correlative relations between said District and/or said City and such users resulting therefrom.

Section 9. In addition, so far as the rights of the allottees named above are concerned, the City of San Diego and/or County of San Diego shall have the exclusive right to withdraw and divert into an aqueduct any water in Boulder Canyon Reservoir accumulated to the individual credit of said City and/or said County (not exceeding at any one time 250,000 acre-feet in the aggregate) by reason of reduced diversions by said City and/or said County; provided, that accumulations shall be subject to such conditions as to accumulations, retention, release and withdrawal as the Secretary of the Interior may from time to time prescribe in his discretion, and his determination thereof shall be final; provided further, that the United States of America reserves the right to make similar arrangements with users in other States without distinction in priority, and to determine the correlative relations between the said City and/or said County and such users resulting therefrom.

Section 10. In no event shall the amounts allotted in this agreement to the Metropolitan Water District of Southern California and/or the City of Los Angeles be increased on account of inclusion of a supply for both said District and said City, and either or both may use said apportionments as may be agreed by and between said District and said City.

Section 11. In no event shall the amounts allotted in this agreement to the City of San Diego and/or to the County of San Diego be increased on account of inclusion of a supply for both said City and said County, and either or both may use said apportionments as may be agreed by and between said City and said County.

Section 12. The priorities hereinbefore set forth shall be in no wise affected by the relative dates of water contracts executed by the Secretary of the Interior with the various parties.

The Secretary reserves the right to, and the District agrees that he may, contract with any of the allottees above named in accordance with the above stated recommendation, or, in the event that such recommendation as to Palo Verde Irrigation

District is superseded by an agreement between all the above allottees or by a final judicial determination, to contract with the Palo Verde Irrigation District in accordance with such agreement or determination; Provided, that priorities numbered fourth and fifth shall not thereby be disturbed.

The use of water by the District shall be in conformity to the following provisions of that certain agreement executed between the District and Imperial Irrigation District dated February 14th, 1934, hereinabove in Article 4 (c) referred to to-wit:

"Imperial Irrigation District shall have the prior right for irrigation and potable purposes only, and exclusively for use in the Imperial Service Area, as hereinafter defined or hereunder modified, to all waters apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in Imperial and Coachella Valleys as provided in the third and sixth priorities set out in the recommendation of the Chief of the Division of Water Resources of the State of California, as contained in Article 17 of the Imperial Contract. Subject to said prior right of Imperial Irrigation District, Coachella Valley County Water District shall have the next right, for irrigation and potable purposes only and exclusively for use in the Coachella Service Area, as hereinafter defined or hereunder modified, to all waters so apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in the Imperial and Coachella Valleys, as provided in said third and sixth priorities. The use of water for generation of electric energy shall be, in all respects, secondary and subservient to all requirements of said two districts for irrigation and potable purposes as above limited.

As hereinabove used, the term 'Imperial Service Area' shall comprise all lands within the boundaries of Imperial Irrigation District as said District was constituted on June 25, 1931, and all lands in Imperial and San Diego Counties, California, shown on Map marked Exhibit 'A', attached to said Imperial Contract, and included within hatched border lines indicated on said map by legend as 'Boundary of Additional Areas in Proposed Enlarged Imperial Irrigation District', other than (a) such of said lands as are labeled 'Dos Palmas Area' and (b) such of said lands as lie West of Salton Sea and North of the Northerly boundary line of Township 11, South of the San Bernardino Base Line. The term 'Coachella Service Area' shall comprise all lands described on statements hereto attached and marked Exhibits 'B', 'C', 'D' and 'E', respectively,"

(said Exhibits "B", "C", "D" and "E" being identical with Exhibits "B", "C", "D" and "E" attached to this contract between the District and the United States),

"being approximately, but not exactly, the lands within said hatched border lines shown on said Exhibit 'A', other than those included in said Imperial Service Area. Upon application of either District and with the written consent of the Secretary of the Interior, the boundaries of the service area which such district is entitled hereunder to serve may at any time or from time to time be

changed, but may not be so changed as, in the aggregate, to add more than 5000 acres to, nor to subtract more than 5000 acres from such service area, as herein defined, without the written consent of the district entitled hereunder to serve the other service area."

As far as reasonable diligence will permit said water shall be delivered as ordered by the District, and as reasonably required for potable and irrigation purposes within said Coachella Service Area. This contract is for permanent water service but is subject to the condition that Boulder Dam and Boulder Canyon Reservoir shall be used; first, for river regulation, improvement of navigation, and flood control; second, for irrigation and domestic uses and satisfaction of perfected rights in pursuance of Article VIII of the Colorado River Compact; and third, for power. This contract is made upon the express condition and with the express covenant that the District and the United States shall observe and be subject to, and controlled by said Colorado River Compact, in the construction, management and operation of Boulder Dam, Imperial Dam, All-American Canal, and other works and the storage, diversion, delivery and use of water for the generation of power, irrigation, and other purposes. The United States reserves the right to temporarily discontinue or reduce the amount of water to be delivered for the purpose of investigation, inspection, maintenance, repairs, replacements or installation of equipment and/or machinery at Boulder Dam, but as far as feasible the United States will give the District reasonable notice in advance of such temporary discontinuance or reduction. The United States, its officers, agents and employees shall not be liable for damages when, for any reason whatsoever, suspension or reductions in delivery of water occur. This contract is without prejudice to any other or additional rights which the District may now have not inconsistent with the foregoing provisions of this article, or may hereafter acquire in or to the waters of the Colorado River. Subject to the provisions of Article ¹⁴fourteen (14) hereof, nothing in this contract shall be construed to prevent the diversion by or for the District of water to the full capacity herein provided for it in the All-American Canal if and when water over and above the

quantity apportioned to it hereunder is available, and no power development at Imperial and/or Laguna Dam shall be permitted to interfere with such diversion by or for said District, but, except as provided in Article twenty-one (21) hereof, water shall not be diverted, transported nor carried by or through Imperial Dam or All-American Canal for any agency other than the District or Imperial Irrigation District, except by written consent of the Secretary.

Measurement of Water

Article 18. The water which the District receives under the apportionment as provided in Article seventeen (17) hereof shall be measured at such point or points on the canal as may be designated by the Secretary. Measuring and controlling devices shall be furnished and installed by the United States as a part of the work provided for herein, but shall be operated and maintained by and at the expense of the district, or districts, operating the works. They shall be and remain at all times under the complete control of the United States, whose authorized representatives may at all times have access to them over the lands and rights-of-way of the District.

Record of Water Diverted

Article 19. The District shall make full and complete written reports as directed by the Secretary, on forms to be supplied by the United States, of all water diverted from the Colorado River, and delivered to the District, and the disposition thereof. The records and data from which such reports are made shall be accessible to the United States on demand of the Secretary.

Refusal of Water in Case of Default

Article 20. The United States reserves the right to refuse to deliver water to the District in the event of default for a period of more than twelve (12) months in any payment due the United States under this contract, or in the discretion of the Secretary to reduce deliveries in such proportion as the amount in default by the

District bears to the total amount due. It is understood, however, that the provisions of this article shall not relieve the District of its obligation hereunder to divert, transport and deliver water for the use and benefit of other agencies with whom the United States may contract for the diversion, transportation and delivery of water through or by the works to be constructed under the terms hereof. The United States further reserves the right to forthwith assume control of all or any part of the works to be constructed hereunder and to care for, operate and maintain the same, so long as the Secretary deems necessary or advisable, if, in his opinion, which shall be final and binding upon the parties hereto, the District does not carry out the terms and conditions of this contract to their full extent and meaning. In such event, the District's pro rata share of the actual cost of such care, operation and maintenance by the United States shall be repaid to the United States, plus fifteen per centum (15%) to cover overhead and general expense, on March first of each year immediately succeeding the calendar year during which said works are operated and maintained by the United States. Nothing herein contained shall relieve the District of the obligation to pay in any event all installments and penalties provided in this contract.

Use of Works by the United States and Others

Article 21. The United States also reserves the right to, and the District agrees that it may, at any time prior to the transfer of constructed works to the District or Imperial Irrigation District for operation and maintenance, increase the capacity of such works and contract for such increased capacity with other agencies for the delivery of water for use in the United States; provided, however, that such other agencies shall not thereby be entitled to participate in power development on said All-American Canal, except at points where and to the extent that the water diverted and/or carried for them contributes to the development of power. In the event other agencies thus contract with the United States, each of such agencies shall

assume such proportion of the total cost of said works to be used jointly by such agency and the District, including Laguna Dam, as the Secretary may determine to be equitable and just but not less than the proportion that the capacity provided for such agency in such works bears to the total capacity thereof (except in that part thereof above Syphon Drop including Laguna Dam, in which part the proportion which such other agency shall assume shall be not less than the proportion that the capacity provided for such agency therein bears to the total capacity thereof less the capacity to be provided without cost to and for the Yuma Project) and the District's financial obligations under this contract shall be adjusted accordingly. In no event shall construction costs chargeable to the District be increased by reason of additional capacity being provided for any such agency or agencies or contract or contracts having been made with same. Any such agency thus contracting shall also be required to reimburse the District in such amounts and at such times as the Secretary may determine to be equitable and just for payments theretofore made by the District for the right to use Laguna Dam.

Title to Remain in the United States

Article 22. Title to the aforesaid Imperial Dam and All-American Canal shall be and remain in the United States notwithstanding transfer of the care, operation and maintenance thereof to said two districts, or either of them; provided, however, that the Secretary may, in his discretion, when repayment to the United States of all moneys advanced shall have been made, transfer the title to said main canal and appurtenant structures, except the diversion dam and the main canal and appurtenant structures down to and including Syphon Drop, to the districts or other agencies of the United States having a beneficial interest therein in proportion to their respective capital investments under such form of organization as may be acceptable to him.

Rules and Regulations

Article 23. There is reserved to the Secretary the right to prescribe and enforce rules and regulations not inconsistent with this contract governing the diversion and delivery of water hereunder to or for the District and to other contractors. Such rules and regulations may be modified, revised and/or extended from time to time after notice to the District and opportunity for it to be heard, as may be deemed proper, necessary or desirable by the Secretary to carry out the true intent and meaning of the law and of this contract, or amendments thereof, or to protect the interests of the United States. The District hereby agrees that in the operation and maintenance of the Imperial Dam and All-American Canal, all such rules and regulations will be fully adhered to by it.

Inspection by the United States

Article 24. The Secretary may cause to be made from time to time a reasonable inspection of the works constructed by the United States to the end that he may ascertain whether the terms of this contract are being satisfactorily executed by the District. Such proportion of the actual expense of such inspection in any calendar year, as shall be found by the Secretary to be equitable and just, shall be paid by the District to the United States on March first of each year immediately following the year in which such inspection is made, and upon statement to be furnished by the Secretary. The Secretary or his representative shall at all times have the right of ingress to and egress from all works of the District for the purpose of inspection, repairs and maintenance of works of the United States, and for all other purposes.

Access to Books and Records

Article 25. The officials or designated representatives of the District shall have full and free access to the books and records of the United States, so far as they relate to the matters covered by this contract, with the right at any time

during office hours to make copies of and from the same; and the Secretary shall have the same right in respect of the books and records of the District.

Disputes or Disagreements

Article 26. Disputes or disagreements as to the interpretation or performance of the provisions of this contract, except as otherwise provided herein, shall be determined either by arbitration or court proceedings, the Secretary being authorized to act for the United States in such proceedings. Whenever a controversy arises out of this contract, and the parties hereto agree to submit the matter to arbitration, the District shall name one arbitrator and the Secretary shall name one arbitrator, and the two arbitrators thus chosen shall elect three other arbitrators, but in the event of their failure to name all or any of the three arbitrators within thirty (30) days after their first meeting, such arbitrators not so elected, shall be named by the Senior Judge of the United States Circuit Court of Appeals for the Ninth Circuit. The decision of any three of such arbitrators shall be a valid and binding award of the arbitrators.

Interest and Penalties

Article 27. No interest shall be charged on any installments of charges due from the District hereunder except that on all such installments or any part thereof, which may remain unpaid by the District to the United States after the same become due, there shall be added to the amount unpaid a penalty of one-half of one per centum ($\frac{1}{2}\%$) and a like penalty of one-half of one per centum ($\frac{1}{2}\%$) of the amount unpaid shall be added on the first day of each month thereafter so long as such default shall continue.

Agreement Subject to Colorado River Compact

Article 28. This contract is made upon the express condition and with the express understanding that all rights based upon this contract shall be subject to and controlled by the Colorado River Compact, being the compact or agreement signed

at Santa Fe, New Mexico, November 24, 1922, pursuant to Act of Congress approved August 19, 1921, entitled "An Act to permit a compact or agreement between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming, respecting the disposition and apportionment of the waters of the Colorado River, and for other purposes," which compact was approved by the Boulder Canyon Project Act.

Application of Reclamation Law

Article 29. Except as provided by the Boulder Canyon Project Act, the reclamation law shall govern the construction, operation and maintenance of the works to be constructed hereunder.

Contract to be Authorized by Election and
Confirmed by Court

Article 30. The execution of this contract by the District shall be authorized by the qualified electors of the District at an election held for that purpose. Thereafter, without delay, the District shall prosecute to judgment proceedings in court for a judicial confirmation of the authorization and validity of this contract. The United States shall not be in any manner bound under the terms and conditions of this contract unless and until a confirmatory final judgment in such proceedings shall have been rendered, including final decision, or pending appellate action if ground for appeal be laid. The District shall without delay and at its own cost and expense furnish the United States for its files, copies of proceedings relating to the election upon this contract and the confirmation proceedings in connection therewith, which said copies shall be properly certified by the Clerk of the Court in which confirmatory judgment is obtained.

Method of Determining Net Power Proceeds

Article 31. In determining the net proceeds for each calendar year from any power development which the district is hereunder authorized to make, on the All-American Canal, to be paid into the Colorado River Dam fund as provided in Article

fourteen (14) hereof, there shall be taken into consideration all items of cost of production of power, including but not necessarily limited to amortization of and interest on capital investment in power development, replacements, improvements, and operation and maintenance, if any. Any other proper factor of cost not here expressly enumerated may be taken into account in determining the net proceeds.

Contingent upon Appropriations

Article 32. This contract is subject to appropriations or allocations being made by Congress or other Governmental financing authority from year to year of moneys sufficient to do the work provided for herein, and to there being sufficient moneys available in the Colorado River Dam fund to permit allotments to be made for the performance of such work. No liability shall accrue against the United States, its officers, agents or employees, by reason of sufficient moneys not being so appropriated nor on account of there not being sufficient moneys in the Colorado River Dam fund to permit of said allotments. If more than three years elapse after this contract becomes effective and before appropriations or allocations are available to permit the United States to make expenditures hereunder, the District may, at its option, upon giving sixty (60) days written notice to the Secretary, cancel this contract. Such option shall be expressed by vote of the electors of the District with the same formalities as required for the authorization of contracts with the United States.

Addition of Lands to District

Article 33. (a) The District agrees to change its boundaries, subject to presentation to its Board of Directors before January 1, 1940, of lawful and sufficient petition or petitions therefor and the approval of the electors, so as to add to the District and to its Improvement District No. 1 all lands lying within the Salton Area, referred to in Article 10 (d) hereof.

(b) Whenever any of said lands within the Coachella Service Area are added to the District, the Secretary, on behalf of the United States, hereby consents to

such addition. Nothing contained in this contract shall impair any right or remedy of any person entitled to object or protest against the addition to the District of any particular tract or tracts of land, nor impair the power of the Board to hear and determine any such objections or protests.

(c) Notwithstanding anything herein contained, the District may, at its option, change its boundaries to as to add to the District all or any part of the Dos Palmas Area, and/or of the Fish Springs Area, referred to in Article 10 (d) hereof. In the event any lands within said Dos Palmas Area or Fish Springs Area shall be added to the District such addition shall be made upon conditions substantially as herein-after contained and as and when authorized by law, and the Secretary on behalf of the United States hereby requires and consents to such conditions, to-wit:

CONDITION NO. 1

Contribution to Capital Costs

The lands within each Improvement District shall collectively bear that proportion of all costs of the Imperial Dam, and All-American Canal, including Laguna Dam, herein agreed to be borne by the District, which the area within such Improvement District bears to the total area of the Coachella Service Area from time to time within the District.

CONDITION NO. 2

Contribution to Costs Paid by District

Each Improvement District, other than Improvement District No. 1 shall bear, in the proportion set out in Condition No. 1, its share of all capital costs of the Imperial Dam and All-American Canal, including Laguna Dam, paid by the District prior to the first District tax collection from the lands within such Improvement District and shall pay such share to the District in such installments and at such times as shall be determined by resolution of the Board of Directors of the District to be just and equitable. Upon collection of said sums by the District, the

portions of the Coachella Service Area by which said sums were originally paid shall thereupon be entitled to reimbursement or credit in such manner as may be determined by said Board.

CONDITION NO. 3

Distribution System

Each improvement District shall bear the entire capital cost of any distribution system which may be constructed by or under the authority of the District to serve the lands within such Improvement District but shall not be required to bear any part of the capital cost of any distribution system to serve the lands within any other Improvement District.

CONDITION NO. 4

Taxation

All charges hereunder to be borne by each Improvement District unless otherwise collected from the lands therein, shall be a part of but in addition to the annual taxes upon said lands for other District purposes and shall constitute an additional annual charge upon said lands, to be levied upon an ad valorem or other basis as now or hereafter provided by law.

Rights Reserved under Section 3737 Revised Statutes

Article 34. All rights of action for breach of any of the provisions of this contract are reserved to the United States as provided in Section 3737 of the Revised Statutes of the United States.

Remedies Under Contract not Exclusive

Article 35. Nothing contained in this contract shall be construed as in any manner abridging, limiting or depriving the United States, the District or Imperial Irrigation District of any means of enforcing any remedy either at law or in equity for the breach of any of the provisions hereof which it would otherwise have. The waiver of a breach of any of the provisions of this contract shall not be deemed to

be a waiver of any other provision hereof or of a subsequent breach of such provision.

Interest in Contract not Transferable

Article 36. No interest in this contract is transferable by the District to any other party, and any such attempted transfer shall cause this contract to become subject to annulment at the option of the United States.

Member of Congress Clause

Article 37. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom. Nothing, however, herein contained shall be construed to extend to this contract if made with a corporation for its general benefit.

Contract Void If Certain Lands Included in
Imperial Irrigation District

Article 38. In the event lawful petition or petitions sufficient in all respects for inclusion within Imperial Irrigation District of ninety per centum (90%) of the lands shown on said Exhibit "A" lying North of the Northerly boundary line of Township Eleven (11), South of the San Bernardino Base Line and bounded by the lines indicated on said Exhibit "A" as "Boundary of Additional Areas in Proposed Enlarged Imperial Irrigation District", exclusive of the Dos Palmas area and exclusive of Indian lands and public lands of the United States shall be filed pursuant to and within the time limited by said Imperial Contract, and said lands shall be thereafter included within said Imperial Irrigation District pursuant to such petition or petitions, then, as of the date of such inclusion, this contract shall terminate and be at an end.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Federal Emergency Administrator
of Public Works and Secretary of
the Interior.

COACHELLA VALLEY COUNTY WATER DISTRICT

By _____
President.

Attest:

Secretary.

EXHIBIT "B"

DESCRIPTION OF LANDS WITHIN
COACHELLA VALLEY COUNTY WATER DISTRICT AND
ITS IMPROVEMENT DISTRICT NO. 1 AND
WITHIN THE COACHELLA SERVICE AREA.

All that certain tract of land situate in the County of Riverside, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the S.W. corner of the S.E. $\frac{1}{4}$ of Section 31, Township 8 South, Range 9 East, which is a point in the South boundary line of said Coachella Valley County Water District and thence along straight lines

1. To the S.W. corner of Sec. 10, T. 8, R. 8, thence
2. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 33, T. 7, R. 8, thence
3. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
4. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 19, T. 7, R. 8, thence
5. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 19, thence along the West line of said Sec. 19
6. To the N.W. corner of said Sec. 19, thence along the South line of Sec. 13, T. 7, R. 7.
7. To the S.W. corner of said Sec. 13, thence along the West line of said Sec. 13
8. To the N.W. corner of said Sec. 13, thence
9. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 11, T. 7, R. 7, thence
10. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 11, thence along the West line of said Sec. 11
11. To the N.W. corner of said Sec. 11, thence along the South line of Sec. 3

in said Township and Range

12. To the S.W. corner of said Sec. 3, thence along the West line of said Sec. 3

13. To the N.W. corner of said Sec. 3, thence along the South line of Secs. 34 and 33, T. 6 South, R. 7 East

14. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 33, T. 6, R. 7, thence

15. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 28, T. 6, R. 7, thence

16. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, thence

17. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 20, T. 6, R. 7, thence

18. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 20, thence

19. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

20. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

21. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 17, T. 6, R. 7, thence

22. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 8, T. 6, R. 7, thence

23. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

24. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

25. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

26. To the N.W. corner of said Sec. 8, thence

27. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 7, T. 6, R. 7, thence

28. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 7, thence

29. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence

30. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence

31. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 7, thence along the West line of said Sec. 7

32. To the S.E. corner of Sec. 1, T. 6, R. 6, thence along the South line of said Sec. 1

33. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 1, thence

34. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 1, thence along the North line of said Sec. 1

35. To the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 36, T. 5, R. 6, thence

36. To the N.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 36, thence

37. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 31, T. 5, R. 7, thence

38. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 19, T. 5, R. 7, thence

39. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 19, thence

40. North along the West line of said T. 5, South to a point in the North-easterly line of the right-of-way of the State Highway commonly known as "U. S. Highway 99", thence

41. Northwesterly along said Northeasterly line of said right-of-way of said Highway to the intersection of said line with the Westerly line of the E. $\frac{1}{2}$ of Sec. 19, T. 4, R. 6, thence

42. To the N.W. corner of the S.E. $\frac{1}{4}$ of Sec. 18, T. 4, R. 6, thence

43. To the N.E. corner of the S.E. $\frac{1}{4}$ of Sec. 15, T. 4, R. 6, thence

44. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 23, T. 4, R. 6, thence

45. To the N.E. corner of the S.E. $\frac{1}{4}$ of Sec. 24, T. 4, R. 6, thence

46. To the S. W. corner of the S.E. $\frac{1}{4}$ of Sec. 34, T. 4, R. 7, thence

47. To the N.E. corner of Sec. 3, T. 5, R. 7, thence

48. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 2, T. 5, R. 7, thence

49. To the S.E. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence

50. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

51. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 1, T. 5, R. 7, thence

52. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 1, thence

53. To the S.W. corner of Sec. 6, T. 5, R. 8, thence

54. To the S.W. corner of Sec. 15, T. 5, R. 8, thence along the West line of Sec. 22, T. 5, R. 8

55. To the S.W. corner of said Sec. 22, thence

56. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 27, T. 5, R. 8, thence
57. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 34, T. 5, R. 8, thence
58. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 34, thence
59. To the S.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 34, thence
60. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 34, T. 5, R. 8, thence
along the East line of said Sec. 34

61. To the S.E. corner of said Sec. 34, thence along the North line of Sec. 2,
T. 6, R. 8

62. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
63. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
64. To the S.E. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
65. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence
66. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence
67. To the S.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence
68. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence along
the East line of said Sec. 2

69. To the S.E. corner of said Sec. 2, thence

70. To the S.E. corner of Sec. 13, T. 6, R. 8, thence

71. To the S.E. corner of Sec. 3, T. 7, R. 9, thence along the South lines of
Sections 2 and 1 in said Township and Range

72. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 12, T. 7, R. 9, thence

73. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 12, thence

74. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 12, thence

75. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 12, thence

76. To the N.E. corner of the S.E. $\frac{1}{4}$ of said Sec. 12, being a point on the East
boundary line of said Coachella Valley County Water District, thence

77. South along said boundary line to the S.E. corner of Sec. 25, T. 7, R. 9,

thence along the South lines of said Sec. 25 and of Sec. 26 in said Township and Range

78. To the S.W. corner of said Sec. 26, thence
79. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 27, T. 7, R. 9, thence
80. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 27, thence
81. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 27, thence
82. To the N.W. corner of the S.W. $\frac{1}{4}$ of said Sec. 27, thence
83. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 28, T. 7, R. 9, thence
84. To the N.W. corner of the S.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 28, thence
85. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, T. 7, R. 9, thence along the North lines of said Sec. 28 and of Sec. 29 in said Township and Range
86. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 29, thence
87. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 29, thence
88. To the N.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 29, thence
89. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 29, thence
90. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 30, T. 7, R. 9, thence
91. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 30, thence
92. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 25, T. 7, R. 8, thence
93. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 25, thence
94. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 25, thence
95. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 25, thence
96. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 25, thence
97. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 36, T. 7, R. 8, thence
98. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 36, thence
99. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 36, thence
100. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 36, thence along the East line of said Sec. 36

101. To the S.E. corner of said Sec. 36, thence

102. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 6, T. 8, R. 9, thence

103. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 7, T. 8, R. 9, thence

104. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 7, thence along the West lines of said Sec. 7 and of Sec. 18 in said Township and Range

105. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence

106. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence

107. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence

108. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 18, thence

109. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 18, thence

110. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 18, thence along the East lines of said Sec. 18 and of Sec. 19 in said Township and Range

111. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 20, T. 8, R. 9, thence

112. To the N.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

113. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

114. To the S.E. corner of the N.E. $\frac{1}{4}$ of said Sec. 20, thence

115. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 21, T. 8, R. 9, thence

116. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 21, thence

117. To the S.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 21, thence

118. To the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 28, T. 8, R. 9, thence

119. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, thence

120. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 28, thence

121. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 33, T. 8, R. 9, thence along the North line of said Sec. 33

122. To the N.E. corner of said Sec. 33, thence along the East line of said

Sec. 33

123. To the S.E. corner of said Sec. 33, being a point in the Southerly boundary line of said Coachella Valley County Water District and of said County of Riverside, thence

124. West along said District and County boundary lines to the point of beginning.

EXHIBIT "C"

DESCRIPTION OF

LANDS OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT
AND WITHIN THE COACHELLA SERVICE AREA,
DESIGNATED THE SALTON AREA.

All that certain tract of land situate in the County of Riverside, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the N.W. corner of Section 18, Township 7 South, Range 10 East, which is a point in the East boundary line of said Coachella Valley County Water District, and running thence along the Northerly boundary lines of said Section 18 and of Section 17 in said Township and Range:

1. To the N.E. corner of Sec. 17, T. 7, R. 10, thence
2. To the N.W. corner of Sec. 26, T. 7, R. 10, thence
3. To the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 26, thence
4. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 36, T. 7, R. 10, thence
5. To the S.E. corner of said Sec. 36, thence
6. To the S.E. corner of Sec. 6, T. 8, R. 11, thence
7. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 6, thence
8. To the S.E. corner of the N.W. $\frac{1}{4}$ of Sec. 7, T. 8, R. 11, thence
9. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence
10. To the S.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 7, thence
11. To the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 18, T. 8, R. 11, thence
12. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
13. Along the Southerly line of the N.W. $\frac{1}{4}$ of said Sec. 18, and the Westerly

projection of said Southerly line to an intersection with the Northeasterly line of the Southern Pacific main line railroad right-of-way running through the N.E. $\frac{1}{4}$ of Sec. 13, T. 8, R. 10, thence

14. Northwesterly along said Northeasterly line of said railroad right-of-way to the intersection of said Northeasterly line with the South line of Sec. 28, T. 7, R. 10, or the Easterly projection thereof, thence along the Southerly lines of said Sec. 28 and of Sec. 29 and Sec. 30 in said Township and Range,

15. To the S.W. corner of said Sec. 30, being a point in the East boundary line of said Coachella Valley County Water District, thence

16. North along said District boundary line to the point of beginning.

EXHIBIT "D"

DESCRIPTION OF LANDS

OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT AND

WITHIN THE COACHELLA SERVICE AREA,

DESIGNATED THE DOS PALMAS AREA.

All that certain tract of land situate in the Counties of Riverside and Imperial, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the S.E. corner of Sec. 33, T. 8 South, R. 12 East, which is a point in the Southerly boundary line of said County of Riverside, and running thence along the Easterly boundary line of said Sec. 33:

1. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 33, thence
2. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 33, thence
3. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 33, thence
4. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
5. To the N.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
6. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 32, T. 8, R. 12, thence
7. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 32, thence
8. Along the Northerly line of said Sec. 32 to the N.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 32, thence
9. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 29, T. 8, R. 12, thence
10. To the N.W. corner of said S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 29, thence
11. Along the Westerly boundary line of said Sec. 29 to the N.W. corner of the S.W. $\frac{1}{4}$ of said Sec. 29, thence
12. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 30, T. 8, R. 12, thence

13. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 30, thence
14. Along the Northerly boundary line of said Sec. 30 to the N.W. corner of said Sec. 30, thence
15. Along the Westerly boundary line of Sec. 19, T. 8, R. 12, to the N.W. corner of said Sec. 19, thence
16. Along the Southerly boundary line of Sec. 13, T. 8, R. 11, to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 13, thence
17. To the N.W. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 12, T. 8, R. 11, thence
18. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 7, T. 8, R. 12, thence
19. Along the Easterly boundary line of said Sec. 7 to the S.E. corner of said Sec. 7, thence
20. To the S.E. corner of Sec. 17, T. 8, R. 12, thence
21. Along the Westerly boundary line of Sec. 21, T. 8, R. 12, to the S.W. corner of the N.W. $\frac{1}{4}$ of said Section, thence
22. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 21, thence
23. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 21, thence
24. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 21, thence
25. Along the Easterly boundary line of said Sec. 21 to the S.E. corner of said Sec. 21, thence
26. Along the Northerly boundary line of Sec. 27, T. 8, R. 12, to the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 27, thence
27. To the S.E. corner of Sec. 26, T. 8, R. 12, thence
28. Along a straight line between the N.W. corner and the S.E. corner of Sec. 36, T. 8, R. 12, to a point where said straight line intersects a projection Northerly of the East line of Sec. 2, T. 9, R. 12, thence
29. Along said last-named projected line and the East line of said Sec. 2 to

the S.E. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

30. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

31. To the S.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 2, thence

32. Along the Southerly boundary line of said Sec. 2 to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 2, thence

33. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 11, T. 9, R. 12, thence

34. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 10, T. 9, R. 12, thence

35. Along the West line of Sec. 10 to the N.W. corner of said Sec. 10, thence

36. Along the South line of Sec. 4, T. 9, R. 12, to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

37. To the N.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

38. To the S.W. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

39. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 4, being a point in the Southerly boundary line of said County of Riverside, thence

40. Along said boundary line and the Northerly boundary line of said Sec. 4 to the point of beginning.

EXHIBIT "E"

DESCRIPTION OF LANDS

OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT AND

WITHIN THE COACHELLA SERVICE AREA,

DESIGNATED THE FISH SPRINGS AREA

All that certain tract of land situate in the County of Imperial, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 4, T. 9, R. 9, which is a point in the South boundary line of Coachella Valley County Water District and of the County of Riverside and the North Boundary line of the County of Imperial and running thence along said boundary lines and along the Northerly boundary lines of said Sec. 4 and of Sec. 5, T. 9, R. 9:

1. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 5, thence
2. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 8, T. 9, R. 9, thence
3. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 8, thence
4. To the S.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 8, thence
5. To the S.E. corner of Sec. 17, T. 9, R. 9, thence
6. To the S.E. corner of Sec. 21, T. 9, R. 9, thence
7. To the S.W. corner of Sec. 12, T. 10, R. 9, thence
8. Along the Southerly boundary line of said Sec. 12 to the S.E. corner of said Sec. 12, thence
9. To the S.E. corner of Sec. 6, T. 10, R. 10, thence
10. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 6, thence
11. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 16, T. 9, R. 9, thence

12. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 4, T. 9, R. 9, thence
13. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 4, thence to the point of beginning.



APPENDIX C: STAKEHOLDER OUTREACH

Alternative Governance and Electrical Services Study - Imperial Irrigation District: Stakeholder Groups Identified by Riverside and Imperial LAFCO's

GROUP 1 – PARTY TO THE AGREEMENT OF COMPROMISE

- Imperial Irrigation District

GROUP 2 – PARTY TO THE AGREEMENT OF COMPROMISE

- Coachella Valley Water District

GROUP 3 – TRIBAL NATIONS

- Tribal Nations (Joseph Mirelez, Torres Martinez Desert Cahuilla Indians- Contact through CVEC Staff)
 - o Cabazon, Torres-Martinez, Augustine, Twenty-Nine Palms
- At Large Tribal Nations (Anthony Madrigal, Twenty-Nine Palms Band of Mission Indians- Contact through CVEC Staff)

GROUP 4 – CITIES

- City of La Quinta Linda Evans, Mayor & John McMillen, City Manager
- City of Indio Waymond Fermon, Mayor & Bryan Montgomery, City Manager
- City of Coachella Steven Hernandez, Mayor & Dr. Gabriel Martin, City Manager
- Cove Communities Services Commission (JPA between Cities of Rancho Mirage, Palm Desert, Indian Wells) Mayor Richard Balocco, City of Indian Wells- Contact through CVEC Staff
- At-Large Cities Philip Bettencourt- Contact through CVEC Staff

GROUP 5 – STATE AND COUNTY

- Office of Asm. Eduardo Garcia District Director- Coachella Office-
- Office of Asm. Chad Mayes- District Director- Rancho Mirage Office
- County of Riverside Gloria Fernandez- Contact through CVEC Staff
- County of Imperial LaVon Jaksch- Contact through CVEC Staff
- At-Large Counties Blaine Carian- Contact through CVEC Staff
- Riverside County 4th District Supervisor V. Manuel Perez
- Imperial County Board of Supervisors 4th District Supervisor Ryan Kelley, Board of Supervisors
- Coachella Valley Association of Governments (E&E Committee)

GROUP 6 – LOCAL AND COMMUNITY GROUP

- Agricultural Groups
 - o Growing Coachella Valley (P.O Box 68, Coachella, CA 92236)
 - o Imperial County Farm Bureau
 - o Imperial County Vegetable Growers Association-
- Environmental / Justice Groups
 - o Alianza
 - o Leadership Counsel for Justice and Accountability
 - o Sierra Club, San Geronio Chapter
 - o Los Amigos De La Comunidad IV
- Community Groups
 - o Riverside County's Unincorporated Community Councils
 - o Bermuda Dunes Community Council
 - o Indio Hills Community Council
 - o Mecca-North Shore Community Council
 - o Sky Valley Community Council
 - o Thermal-Oasis Community Council
 - o Thousand Palms Community Council
 - o Vista Santa Rosa Community Council
 - o Comit  Civico del Valle, Inc
- Healthcare
 - o Desert Health Care District
 - o Hospitals
 - John F. Kennedy Memorial Hospital
 - Pioneers Memorial Healthcare District
- Educational Institutions
 - o Coachella Valley Unified School District
 - o Desert Sands Unified School District
 - o College of the Desert
 - o Imperial Valley College
- Other Local Government
 - o Valley Sanitary District
 - o Salton City Community Services District
 - o Bombay Beach Community Services District
 - o Desert Recreation District
- Housing Groups
 - o Coachella Valley Housing Coalition
 - o Pueblo Unido Community Development Corporation
 - o Desert Valley Builders Association
 - o California Desert Association of Realtors
- Business
 - o Greater Coachella Valley Chamber of Commerce
 - o Burrtec Waste and Recycling
- Ratepayer Advocacy
 - o Energy Consumers Advisory Committee-
- Labor
 - o IID Professional Salary Association
 - o IBEW Local 465
- Federal Government
 - o Bureau of Land Management- California Desert District
 - o Bureau of Indian Affairs- Pacific Region
 - State Government
 - o California Public Utilities Commission
 - o California Energy Commission

Riverside and Imperial County LAFCO: Alternative Governance and Electrical Service Provisions – Imperial Irrigation District

Survey Questions:

1. What are your current electric service needs for residential, commercial, and/or industrial customers?
2. What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?
3. What is your assessment of future electric service needs in the broader Region?
4. What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?
 - a. What would be the optimal governance structure that meets your needs?
 - b. Is there a governance structure that you would not be able to support?
5. What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?
6. What areas of electric service are highest priority for you? Please provide feedback in the following areas:
 - a. Regulatory and Legal
 - b. Distribution and Transmission
 - c. Electric Generation
 - d. Planning
 - e. Financial, Administrative, and Customer Services
 - f. Rates and Cost
 - g. Reliability
 - h. Other
7. Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?
8. Do you have environmental concerns on current electric generation sources?
9. If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer?
 - a. Municipal utility
 - b. Private utility such as Southern California Edison or San Diego Gas & Electric
 - c. City or County run utility
 - d. No preference or other
10. How can the Coachella Valley advance their electric utility service?
11. What do you believe is the biggest challenge in the electric service industry at the moment?
12. How do you feel about your electric service rates for the level of service you receive?
13. What are common misconceptions people have about electric service in Coachella Valley?
 - a. How might these misconceptions be addressed?
14. Is there anything we’re leaving out that should be addressed for electric service in the Coachella Valley?

Question Number	Stakeholder	Feedback Provided
1	What are your current electric service needs for residential, commercial, and/or industrial customers?	
	City of Indian Wells	Municipal and residential services
	Augustine Band of Cahuilla Indians	The Tribe has a 3 megawatt solar field, multiple homes, a government headquarters building, an organic farm, and a Casino that all require electrical service or connection to the grid. The tribe will also need new connections for future projects.
	City of Coachella	The Coachella Valley has the potential for significant economic development. Residential, General Service, and industrial customer loads are projected to grow from between 5 to 20 megawatts to over 300 megawatts over the next 20 years, if electric service is made available.
	Coachella Valley Water District (CVWD)	CVWD's current electrical needs are industrial and about 8 megawatts in Imperial Irrigation Districts Coachella Valley service area.
	Palm Creek Ranch, LLC-Real Estate Development	We have 820 dwelling units in our development. Imperial Irrigation District has indicated that they only have the capacity to deliver power to 250 units.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	Residential, 2 adults – kitchen appliances, laundry, lighting, computers (home office, business use), irrigation, pool service. The district I am in (Rancho Mirage/Palm Desert) has residential developments similar to mine, in terms of size and electric requirements. There is also a large commercial area in this district consisting of big box, entertainment, franchises, and some small businesses. The district I am in (Rancho Mirage/Palm Desert) has residential developments similar to mine, in terms of size and electric requirements. There is also a large commercial area in this district consisting of big box, entertainment, franchises, and some small businesses.
	Leadership Counsel for Justice and Accountability	
	Member of the Sky Valley Community Council	I am a residential customer living in the unincorporated community of Sky Valley
	City of Indio	The demands are rapidly increasing as more residents work from home, more are making the desert communities a permanent home (not just a vacation home), and more residents are utilizing electric vehicles and other "electricity thirsty" devices. More substations are needed ASAP.
	City of La Quinta	The City of La Quinta currently has 25,875 households and more than 550 commercial/retail and/or industrial customers. Electrical consumption continues to rise with more full-time residents and building codes and state mandates that increase the demand. Existing infrastructure and substations are operating at or above their design capacity reducing reliability and redundancy. Based on current proposed projects in La Quinta one new substation and four substation expansions are required.
	Alianza Coachella Valley	I'm not sure how to answer this question. Is it referring to how many watts we use per month? We get electricity services at our organization building. We do not pay for electric services, the City of Coachella does.
	Resident, City of Indio	Current provisions by Imperial Irrigation District are good – our current needs are met. However, as flex-alerts (or whatever it is that Imperial Irrigation District calls them), suggest that demand can already peak beyond capacity. Demand will only increase with new development and more electrification (cars, and home heating and water heating) with state phasing-out of fossil fuels for them in the next 10-20 years.
2	What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?	
	City of Indian Wells	Reliability
	Augustine Band of Cahuilla Indians	Uninterrupted, reliable, and clean energy for the valley's current and future needs.
	City of Coachella	Electric Service in the Economic Development Zone.
	Coachella Valley Water District (CVWD)	Highest priority would be representation of all utility ratepayers on the governing board. A close second would be uninterruptible service at reasonable rates. Municipalities want infrastructure. It is hard to determine whether the current electrical service provider has provided adequate system maintenance consistent with best industry standards.
	Palm Creek Ranch, LLC-Real Estate Development	The ability to deliver reliable and efficient power to accommodate growth in the Coachella Valley.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	. Hospital/health services . Police, fire, public safety . Preparedness for extreme emergencies
	Leadership Counsel for Justice and Accountability	
	Member of the Sky Valley Community Council	Reliable and reasonably priced service
	City of Indio	Key infrastructure upgrades, with a focus on substations. These are critical for the reliability, redundancy, safety, and economic development of our communities.
	City of La Quinta	Throughout the Coachella Valley, communities have the need for electric infrastructure which is essential in promoting system reliability and supporting prudent economic development. Critical local electricity infrastructure in the Coachella Valley needs major upgrade, repair, and expansion to improve safety, reliability, redundancy, and the economic viability of the valley. Growth and development including the need for more affordable housing units cannot occur without additional substations. Already La Quinta is seeing potential housing and development projects not moving forward because of the lack of service and high cost for additional substations. Many residential/commercial/retail projects once approved for electrical/energy service have since received letters of "no service," essentially killing the projects.
	Alianza Coachella Valley	Affordable prices are the highest priority along with quality service.
	Resident, City of Indio	I think the question refers to my town, Indio and others, as one of those "neighboring communities". With that in-mind, my answer to Question 1 mostly covers this. But, here I will add that I know that in communities such as Indio, some folks are concerned about our limited representation within Imperial Irrigation District. So far, I don't have a complaint that I can associate with that issue personally.
3	What is your assessment of future electric service needs in the broader Region?	
	City of Indian Wells	With the increase use of EV's, supply and infrastructure are two major concerns.
	Augustine Band of Cahuilla Indians	Due to the growing population and increasing environmental pressures the region will need to have multiple new reliable sources of power.
	City of Coachella	Agricultural and industrial retail customers will continue to drive growth of retail sales the broader region.
	Coachella Valley Water District (CVWD)	It is our understanding that La Quinta, Indio, Coachella and Riverside County all need additional substations to support growth, which will require additional transmission and generation assets as well.
	Palm Creek Ranch, LLC-Real Estate Development	Will continue to grow with the growth in the region.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	. Increasing housing tracts/residential development . Walt Disney World . Increasing hospital development . Associated services & small businesses/big box to support the above
	Leadership Counsel for Justice and Accountability	
	Member of the Sky Valley Community Council	I expect the needs will increase as population increases.
	City of Indio	I believe the responses to the questions above also provide an answer to this question.

	City of La Quinta	Throughout the Coachella Valley, communities have the need for electric infrastructure which is essential in promoting system reliability and supporting prudent economic development. Critical local electricity infrastructure in the Coachella Valley needs a major upgrade, repair, and expansion to improve safety, reliability, redundancy, and the economic viability of the valley. Growth and development including the need for more affordable housing units cannot occur without additional substations.
	Alianza Coachella Valley	. Upgrading and replacement . More energy demand as temperatures increase . Emergency systems in place for power outages . More dependent energy infrastructure
	Resident, City of Indio	Electrical demand will dramatically increase as homes and businesses move away from gasoline and natural gas as the state starts in 2030 to phase out the sale of natural gas space heaters, water heaters and then cars in 2035. New development will also add to the load.
4a	What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District? a. What would be the optimal governance structure that meets your needs?	
	City of Indian Wells	Board/customer structure
	Augustine Band of Cahuilla Indians	Equal representation for all key stakeholders in the valley with a focus on providing energy instead of profit.
	City of Coachella	A Municipal Utility would allow for greater local control.
	Coachella Valley Water District (CVWD)	CVWD believes that if a public entity is to provide electric service to the Coachella Valley, the governance structure should provide the Coachella Valley ratepayers with voting representation and recognize that the ratepayers paid for and own the electric infrastructure.
	Palm Creek Ranch, LLC-Real Estate Development	The entity providing the power for the region needs to be held accountable to the needs of the Coachella Valley ratepayers either by being regulated by state and/or federal regulatory bodies or by real representation on the governing board of the entity.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	Would prefer community-oriented, non-profit with elected board members; don't know anyone in my area dissatisfied with current Imperial Irrigation District organization
	Leadership Counsel for Justice and Accountability	
	Member of the Sky Valley Community Council	I believe that the current governance structure with Imperial Irrigation District is optimal.
	City of Indio	A representation of all customers within the Imperial Irrigation District service territory is needed. The interests relating to electricity are different between the two counties, so a Coachella Valley entity is really the optimal solution. This could be a service/special district or JPA.
	City of La Quinta	Local representation is critical to ensure the needs of the Coachella Valley are delivered. Likely the optimal structure would be a Municipal Utility District.
	Alianza Coachella Valley	There is representation of the Coachella Valley in the Imperial Irrigation District Board
	Resident, City of Indio	Public utility (like Imperial Irrigation District) but with better representation for Coachella Valley power customers. Again, I don't have much of a problem with Imperial Irrigation District's service, so I can't complain about the choices Imperial Irrigation District's governance has made. But, I do see it as potentially problematic that out-of-district power customers don't feel properly represented. However, it is already much better than it would be if we were dealing with a private power provider like Edison. (Edison customers don't have better representation!)
4b	What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District? b. Is there a governance structure that you would not be able to support?	
	City of Indian Wells	Unknown
	Augustine Band of Cahuilla Indians	A structure that does not listen to its stakeholders and focuses on profit.
	City of Coachella	Not answered.
	Coachella Valley Water District (CVWD)	CVWD could not support a governance structure that continues to ignore the majority of the ratepayers to which it provides service.
	Palm Creek Ranch, LLC-Real Estate Development	It is inherently unfair and problematic to elect the Board Members from small population districts outside of the region that may have competing interests with the residences of Coachella Valley.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	A one-city (e.g., LA DWP) structure, trade association or government association (e.g., CVAG)
	Leadership Counsel for Justice and Accountability	
	Member of the Sky Valley Community Council	I do not support any change in the governance structure.
	City of Indio	The current structure is unfair and unworkable.
	City of La Quinta	One that does not provide local representation and control.
	Alianza Coachella Valley	Private entity
	Resident, City of Indio	Yes, private.
5	What do you consider as "drivers" for potential change in electric service and/or governance? Such as service needs, costs, representation, other?	
	City of Indian Wells	The State's push for exclusive EV vehicles increases service needs beyond the infrastructure's capacity
	Augustine Band of Cahuilla Indians	Reliable service, cost, representation, and a willingness to prioritize alternative or renewable energy sources.
	City of Coachella	Representation and service needs. The City would like to encourage economic development. Potential new customers have reported they are unable to obtain electric service due to line extension policies established by Imperial Irrigation District (cost prohibitive).
	Coachella Valley Water District (CVWD)	The primary "driver" for change would be recognizing that 60% of the current revenue stream comes from ratepayers in the provider's total service area who are not currently able to vote for representation on the governing board. Secondly, a determination on ownership of the electric infrastructure currently providing service is needed, to include all distribution, transmission and generation assets, regardless of physical location.
	Palm Creek Ranch, LLC-Real Estate Development	All the above.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	. Washington, DC by way of Sacramento . Increasing local population . Migration from coastal areas . Possibly local representation
	Leadership Counsel for Justice and Accountability	
	Member of the Sky Valley Community Council	I think service needs and costs are the main drivers. I do not think there is any problem with the current governance structure.
	City of Indio	For electric service, there needs to be revenues generated and dedicated to infrastructure improvements – just like the rate cases made by investor-owned utilities. The CPUC requires those entities to provide for infrastructure improvements and approves rates that provide the revenues needed. For governance, there needs to be fair representation. With such disparate conditions and interests between the two counties, the Coachella Valley needs its own governance structure for electricity.
	City of La Quinta	Service needs and representation are the top priorities.
	Alianza Coachella Valley	Costs and needs would be some of the biggest drivers for potential change

	Resident, City of Indio	Increasing demand ... capacity and stability of supply. Costs and rates. Since the state is saying we want to do better re the environment and climate change (good); let's be honest about it. Will generation be green? Will storage be green, will batteries be green in their production and disposal/recycling? If individuals are on the line to pay the bill: buy new electric cars and replace batteries that don't hold up well in the desert heat; to retrofit our homes for electric heating and pay more per mile, more per BTU, for energy ... there's going to be a lot of scrutiny. If these transitions are greenwashed behind the scenes that will get called out. Tens of thousands of people paying tens of thousands of dollars on mandates to buy new hardware (cars, heaters, etc.) and more to use them are going to want those things not only to work, but to deliver on the promise of a greener future. They are going to look behind the curtain.
6	What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:	
	City of Indian Wells	a. Regulatory and Legal - Low Priority b. Distribution and Transmission - High Priority c. Electric Generation - High Priority d. Planning - High Priority e. Financial, Administrative, and Customer Services - Medium Priority f. Rates and Cost - Medium Priority g. Reliability - High Priority h. Other - n/a
	Augustine Band of Cahuilla Indians	a. Regulatory and Legal - Providing regulatory and legal issues in layman terms b. Distribution and Transmission - 4 Insuring availability for future growth. c. Electric Generation - 3 Increase of clean, reliable, local generation. d. Planning - Insuring a solution should Imperial Irrigation District leave the Coachella Valley. e. Financial, Administrative, and Customer Services - Improving customer service and ability to request information or data (Billing, usage, contracts, etc.). Communication between departments within Imperial Irrigation District could be improved. f. Rates and Cost - 1 Increase cost with decrease in reliability. g. Reliability - 2 Outage and brownouts have increased which has had a direct negative impact on tribal revenues. h. Other - Insuring a good relationship with the Augustine tribe on all aspects of power.
	City of Coachella	a. Regulatory and Legal b. Distribution and Transmission c. Electric Generation d. Planning - Utility infrastructure investments are needed to encourage economic growth in the Coachella Valley. Imperial Irrigation District should already be designing new sub stations and ordering new equipment in order to meet current and future demand. e. Financial, Administrative, and Customer Services f. Rates and Cost - The majority of the City of Coachella is a disadvantaged community that has a low household income. Rates must continue to be affordable due to the socioeconomic status of the community especially during the summer months when extreme climate can cause dangerous situations for those who cannot afford power for AC. g. Reliability h. Other
	Coachella Valley Water District (CVWD)	a. Regulatory and Legal - n/a b. Distribution and Transmission - fifth priority c. Electric Generation - seventh priority d. Planning - fourth priority e. Financial, Administrative, and Customer Services - third priority f. Rates and Cost - sixth priority g. Reliability - second priority h. Other - CVWD believes first and foremost that representation of Coachella Service Area ratepayers must be included in the electric utility governing board.
	Palm Creek Ranch, LLC-Real Estate Development	a. Regulatory and Legal b. Distribution and Transmission c. Electric Generation d. Planning - Supporting growth at an efficient rate and cost will always be the balance. e. Financial, Administrative, and Customer Services f. Rates and Cost g. Reliability h. Other
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	a. Regulatory and Legal b. Distribution and Transmission c. Electric Generation - #1 d. Planning - #2 e. Financial, Administrative, and Customer Services f. Rates and Cost - #3 g. Reliability h. Other - I believe #1 and #2 together are critical in early stages in order to provide reliable service, as well as keeping rates/costs competitive.
	Leadership Counsel for Justice and Accountability	a. Regulatory and Legal b. Distribution and Transmission c. Electric Generation d. Planning e. Financial, Administrative, and Customer Services f. Rates and Cost g. Reliability h. Other
	Member of the Sky Valley Community Council	No answer.
	City of Indio	a. Regulatory and Legal - Policies need to be changed and more realistic relating to covering the costs of new substations. While a development impact fee makes sense to reimburse a reasonable share to access existing infrastructure, the upfront cost of the infrastructure should be covered by rates - similar to the investor-owned utilities. b. Distribution and Transmission - MOST important. Rates have been too low for too long and aren't providing the necessary resources. c. Electric Generation d. Planning e. Financial, Administrative, and Customer Services f. Rates and Cost - Rates are low and don't appear to generate the revenues needed. g. Reliability - The system has many aged components that need replacement. h. Other
	City of La Quinta	No answer.

	Alianza Coachella Valley	a. Regulatory and Legal b. Distribution and Transmission - Huge priority c. Electric Generation - Huge priority. As temperatures increase, there is more demand for energy to help cool down d. Planning - a Priority, especially as energy demands increase throughout the seasons e. Financial, Administrative, and Customer Services - I think Imperial Irrigation District does a good job here at financial, administrative and customer services. f. Rates and Cost - Highest priority g. Reliability - High priority h. Other
	Resident, City of Indio	a. Regulatory and Legal b. Distribution and Transmission c. Electric Generation d. Planning e. Financial, Administrative, and Customer Services f. Rates and Cost g. Reliability h. Other - All of the above, plus storage for green generation sources that do not reliably produce electricity 24/7/365.
7	Do you believe the current electric service in the Coachella Vally is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?	
	City of Indian Wells	It is sufficient for current and near future needs, but it is not sufficient for long term area needs
	Augustine Band of Cahuilla Indians	No, there will be an increase of stress on the system which will lead to increased outages and other negative effects which could led to disastrous events in the Coachella Valley.
	City of Coachella	Microgrids will become standard utility practice. Retail rates will need to reflect the nature of decentralized systems.
	Coachella Valley Water District (CVWD)	No, the current electric service provider is not well positioned in the Coachella service area to support new development or growth as the area needs additional substations, transmission and generation investment.
	Palm Creek Ranch, LLC-Real Estate Development	The Valley is well positioned to capitalize on renewable energy provided by hydroelectric, wind and solar to provide cheap and clean energy into the future.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	I have no idea what "climate change" refers to specifically, and the only reason we have "grid stress" is that we are not using the power creation sources we already have on hand.
	Leadership Counsel for Justice and Accountability	
	Member of the Sky Valley Community Council	Yes, I think Imperial Irrigation District is as well positioned as any other electric service provider to address emerging issues relative to climate change, grid stress, reliability and increased electric usage.
	City of Indio	The electrical service is not positioned well. We are aware of a handful of potential employers who have turned away from the Imperial Irrigation District territory because of the lack of infrastructure.
	City of La Quinta	Critical local electricity infrastructure in the Coachella Valley needs a major upgrade, repair and expansion to improve safety, reliability, redundancy, and the economic viability of the Valley. The Imperial Irrigation District's (Imperial Irrigation District) rate structure is very low and not adequate to address these critical infrastructure needs. Rates must increase to improve and expand the necessary infrastructure in order to meet the future demands.
	Alianza Coachella Valley	I am not very confident the current electric service in the Coachella Valley is positioned for emerging industry trends. Currently, the ECV does not yet have a reliable electric grid. We constantly have to try to save energy during heat waves. I think that there will be some improvements in the next 5 to 10 years and remain optimistic but this work to improve the energy grid needs to be sooner than later.
	Resident, City of Indio	No it can't be positioned for the future if we already get warned about current demand outstripping capacity. In 5-10 years demand will be dramatically increased given California's plans.
8	Do you have environmental concerns on current electric generation sources?	
	City of Indian Wells	Yes. Sustainability is important for long term reliable service
	Augustine Band of Cahuilla Indians	The tribe supports current trend towards renewable clean sources.
	City of Coachella	No.
	Coachella Valley Water District (CVWD)	Yes, it is currently unclear how the current electric service provider is able to comply with the state-wide requirement to go to 100% renewable. The development of geothermal and the harvesting of lithium is a growing concern.
	Palm Creek Ranch, LLC-Real Estate Development	No answer.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	I am very concerned about so-called "green energy", which I believe to be almost non-existent in quantity, and what is available is unreliable and I don't see anyone planning infrastructure for this – whatever it is. I have no problem with fossil fuels, as long as there are continued efforts to upgrade them and continue moving towards cleaner fossil fuels.
	Leadership Counsel for Justice and Accountability	
	Member of the Sky Valley Community Council	No – though I think we will all need to move to wind and solar sources.
	City of Indio	None that I am aware of.
	City of La Quinta	There needs to be a balance of sources. Clean and renewable sources should be utilized where practical and financially sensible. Similar to the answer above: Critical local electricity infrastructure in the Coachella Valley is in need of upgrade, repair and expansion to improve safety, reliability, redundancy, and the economic viability of the Valley.
	Alianza Coachella Valley	I'm not entirely sure how Imperial Irrigation District creates their energy. I know some of it is geothermal which is great. However, if energy is generated through coal burning power plants, that is a major environmental concern. There needs to be a transition to fully renewable energy as quickly and safely as possible
	Resident, City of Indio	Maybe. I don't actually know how all Imperial Irrigation District sources electricity at this time. That may be public info., I just don't know it.
9	If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? a. Municipal utility b. Private utility such as Southern California Edison or San Diego Gas & Electric c. City or County run utility d. No preference or other	
	City of Indian Wells	Municipal utility
	Augustine Band of Cahuilla Indians	No preference or other
	City of Coachella	Municipal utility; City or County run utility
	Coachella Valley Water District (CVWD)	No preference or other... CVWD prefers an entity that would provide for the representation of all its ratepayers
	Palm Creek Ranch, LLC-Real Estate Development	This question cannot be answered without knowing the cost, rate structure and ability to provide for planning and growth of each alternative. The ability to access an efficient and seamless approval process and timely delivery is important to accommodate future growth.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	Municipal utility; How is "municipal" different from "city"? I would like to see a conglomerate of cities in Coachella Valley form an entity that would provide the service – if Imperial Irrigation District is going away, which I hope it is NOT

	Leadership Counsel for Justice and Accountability	If a transition towards a new electric service utility is being considered it is vital that the direct input of the impacted Riverside County customers is directly considered. We recommend attaching a survey to Riverside County's Imperial Irrigation District customers who will be impacted by this change. The survey should ask residents what their preferred electric service utility looks like, provide the potential options, and provide a summary of the pros and cons for each of these options. The survey should be easy to understand, be provided in English, Spanish, and Purepecha, and be easy to submit once completed. Additionally, we prefer a service utility that is publicly owned or government-regulated and we do not support a privately owned utility.
	Member of the Sky Valley Community Council	Municipal utility; I would be very unhappy were Imperial Irrigation District's electrical service to end and be replaced by any of the options listed above in (a) through (c). I know that the two private utility providers mentioned in (b) provide terrible service at high prices. I do not want to be subject to the governmental bureaucracies that municipal, city or county run utilities would bring with them.
	City of Indio	Municipal utility; Perhaps with more than one city
	City of La Quinta	No preference or other; New special district or JPA
	Alianza Coachella Valley	Municipal utility
	Resident, City of Indio	Municipal utility; City or County run utility
10	How can the Coachella Valley advance their electric utility service?	
	City of Indian Wells	Require development to build energy efficient buildings with solar power infrastructure in place
	Augustine Band of Cahuilla Indians	Increase focus on maintenance of equipment and system. Update aged systems. Utilize most current technologies when expanding grid to increase efficiency and reliability in delivery of power. Increase focus on local energy production.
	City of Coachella	Investment in local resources, customer programs such as energy efficiency, increase local control.
	Coachella Valley Water District (CVWD)	By recognizing that the 1934 Compromise Agreement does not provide clear guidance on "what happens next" nor does it guarantee that the current electric provider will have a continuing presence. In order to fully evaluate alternatives, a legal determination must be made on ownership of all assets (distribution, transmission and generation) and voting representation rights of all ratepayers must be accommodated.
	Palm Creek Ranch, LLC-Real Estate Development	Providing reliable power at cheap rates without delay for growth.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	Sorry, I don't understand the question.
	Leadership Counsel for Justice and Accountability	Imperial Irrigation District (or any future service provider) must ensure adequate representation that ensures that the needs of individual communities and cities are addressed. The needs of the ECV as described throughout our responses to this questionnaire represent the needed advances to improve the electric utility service for the ECV.
	Member of the Sky Valley Community Council	This is a meaningless question.
	City of Indio	By encouraging Imperial Irrigation District to make the investments here and eventually some other governance model be put in place.
	City of La Quinta	Plan ahead and build modern infrastructure for the future.
	Alianza Coachella Valley	A more reliable energy grid. There are power outages more often than there should be. Financial programs have been a benefit for those that need more affordable rates.
	Resident, City of Indio	Planning for the future with increased demand.
11	What do you believe is the biggest challenge in the electric service industry at the moment?	
	City of Indian Wells	Fire hazard caused by lack of system maintenance and/or upgrades
	Augustine Band of Cahuilla Indians	Reliance on power sources outside of the region that can be reduced or taken away.
	City of Coachella	Some ideas: • Electrification under renewable and greenhouse gas mandates, transmission investments • PSPS events (may not be applicable down south?) • High-cost summer events – market price duck curve • communication with retail customers about time of use issues
	Coachella Valley Water District (CVWD)	System maintenance costs and the requirement to move to 100% renewable generation.
	Palm Creek Ranch, LLC-Real Estate Development	Ability to provide for efficient growth.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	. Misinformation . Government
	Leadership Counsel for Justice and Accountability	The biggest challenge in the electric service industry at the moment is mitigating and adapting to climate change, including extreme weather events while providing affordable and reliable electricity to consumers.
	Member of the Sky Valley Community Council	Enhancing the development of wind and solar sources of electric power.
	City of Indio	I think key infrastructure and supply-chain issues for components of that infrastructure.
	City of La Quinta	Meeting State requirements, mandates for larger percentages of renewable generation, large infrastructure costs, and long lead times on project components/supplies.
	Alianza Coachella Valley	A stable and reliable energy grid during heat waves.
	Resident, City of Indio	At the moment it is okay – just a little reliability issue in summer's peak heat. The future will bring a huge increase in demand. That needs current attention!
12	How do you feel about your electric service rates for the level of service you receive?	
	City of Indian Wells	The rates are reasonable compared to the service provided
	Augustine Band of Cahuilla Indians	The rates are high for the level of service and reliability we receive.
	City of Coachella	Imperial Irrigation District rates are lower than SCE rates.
	Coachella Valley Water District (CVWD)	While the residential rates may be lower than those of any alternative providers, the current electric service provider does not offer the same industrial/commercial incentives as local investor owned utilities to reduce peak usage
	Palm Creek Ranch, LLC-Real Estate Development	One cannot rate service levels for what they cannot get.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	Excellent!
	Leadership Counsel for Justice and Accountability	As described in our response to question #6 subsection e and f there needs to be increased transparency on bill structure and rates. In general ECV residents express concern about the fluctuation of bills without a clear explanation. Some ECV residents have shared that their bill surpasses the \$300 charge which does not seem reasonable.
	Member of the Sky Valley Community Council	I think Imperial Irrigation District has fair rates for the service provided.
	City of Indio	The rates seem fine, but not adequate for needed infrastructure upgrades. In some ways, the low rates are a great disservice to the customers.
	City of La Quinta	The Imperial Irrigation District's (Imperial Irrigation District) rate structure is very low (over 60% below the rates of Southern California Edison) and not adequate to address these critical infrastructure needs.
	Alianza Coachella Valley	The city pays for the electric service rates at our building. We rent the area space so I think this question is not applicable to us. As a community member of Coachella that receives electric service from Imperial Irrigation District, we found we have reliable access to electricity for the most part. The rates could be more affordable.
	Resident, City of Indio	I choke on my summer electric bill. But, we get by comfortably.
13	What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?	

	City of Indian Wells	The service will be available after a large natural disaster. Emergency preparedness and self sufficiency materials in the billing documents will increase awareness
	Augustine Band of Cahuilla Indians	The tribe is unaware of current misconceptions about electric service in the Coachella Valley
	City of Coachella	1. The Imperial Irrigation District system is outdated and oversubscribed which will deter developers from bringing in economic development project and create new industries and jobs. 2. Imperial Irrigation District has a long bureaucratic process in order to obtain approvals, will serve letters and construction schedules for projects. 3. Coachella Valley residents/customers do not have any representation or voice on the Imperial Irrigation District Board, even though they are the majority of the electric customers for the district.
	Coachella Valley Water District (CVWD)	The current electric service provider treats both Imperial and Coachella service areas with the same priority and investment. The current governance structure accurately reflects all ratepayer interests. The current electrical service provider can only exist as a combined water and electric utility.
	Palm Creek Ranch, LLC-Real Estate Development	That power supporting growth is available. More emphasis on forward planning and delivery of power to accommodate future housing needs would be beneficial to all parties.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	Most people I've asked have no idea how electricity is created/generated or where it comes from. Some just assume that it's "clean" because they don't see or smell emissions from their EVs.
	Leadership Counsel for Justice and Accountability	One misconception we often hear is the supposed "low demand" for energy service in the ECV and Imperial County. While the population in both areas may be low compared to more urban areas, these regions still lack energy reliability and adequate infrastructure. In the ECV, many mobile home parks don't have the appropriate metering systems for each unit which reduces the number of actual customers.
	Member of the Sky Valley Community Council	I am not aware of common misconceptions which other people have. Again...a meaningless question.
	City of Indio	A key one is that we praise and are proud of low rates, but the misconception is that scenario is not sustainable and, in a way, unfair to the ratepayers.
	City of La Quinta	That there is an endless supply, and supply will meet growing demands. Conveying to existing residents/ratepayers the current critical situation, and the benefits of upgrades to them in the future, is crucial.
	Alianza Coachella Valley	Possibly who uses the most electric service and puts more stress on the energy grid (it is not low-income residents). That there will always be energy available for customers, and programs spreading awareness of efficient energy use can help address that. Maybe not so much a misconception as it is a question but where is the money collected from customers going into? Is it being used to upgrade infrastructure?
	Resident, City of Indio	I'm not sure. (Maybe I've shown some misconceptions myself? Ha). I guess that Imperial Irrigation District power customers outside of Imperial Irrigation District's district, may be concerned about governance/representation. But, again, I think pointing out how our neighbors in the Valley - served by Edison - are probably less represented, might help in that regard. I really don't understand why CVWD needed to agree to let Imperial Irrigation District serve folks like us in Indio. I didn't know that they did; and I didn't know we were about to face an expiration of such an agreement. This was the first I'd known of that. CVWD hasn't offered power service that I am aware of. Is CVWD prepared to tackle our power needs? If not, I don't think Imperial Irrigation District should need to submit to CVWD for agreement (or at least I don't understand why).
14	Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?	
	City of Indian Wells	No
	Augustine Band of Cahuilla Indians	Not at this time.
	City of Coachella	The conditions of existing sub-stations in sub-urban areas within Cities need to be addressed. Some of the sub-stations in Coachella are in the middle of residential and affordable housing areas; however, they do not have sidewalks, streetlights, bike lanes and ADA ramps for safe accessibility or active transportation for residents. They can also use some beautification, such as landscaping and trees to reduce the carbon emission footprint from the gas turbine generators on site.
	Coachella Valley Water District (CVWD)	Yes, we believe that there is a history and context to the Compromise Agreement that would be helpful for you to consider as part of your process (see full response on his returned questionnaire)
	Palm Creek Ranch, LLC-Real Estate Development	The interests of the rate payers in the Imperial Valley have historically differed than the interests of the ratepayers in the Coachella Valley. The Imperial Valley has long concerned itself with water and cheap power needs while the Coachella Valley has experienced explosive growth creating a greater interest in power availability and timeliness. Continuing to ignore these differences will continue to foster problems.
	Imperial Irrigation District Energy Consumers Advisory Committee (ECAC)	How will changes to operations work with Southern California Edison and/or any other utility providers? ***Most of these operations currently are or may be serviced in the future by Southern California Edison, not Imperial Irrigation District.
	Leadership Counsel for Justice and Accountability	No answer.
	Member of the Sky Valley Community Council	No.
	City of Indio	No answer.
	City of La Quinta	New technology should be properly incentivized and the grid design should utilize the latest technology to maximize efficiency and future expandability.
	Alianza Coachella Valley	No answer.
	Resident, City of Indio	Well, this isn't limited to the Coachella Valley, but with the state's upcoming prohibitions on the sale of most fossil fuel powered hardware (cars, trucks, heaters, water heaters), I think private individuals need some help figuring out how they are going to manage the transition in terms of what will be required of them personally. I'm a little frightened. I wonder if I'm going to be able to afford it. The state's prohibitions don't amount to a plan. I haven't heard about a detailed plan that helps folks know where they (we) fit in. We are clearly dealing with more heat and extreme weather events right here (things are worse in many places around the world). We need to change, but folks need to understand that they can (that they'll be able to) play their part and then get on with life. I am retired. Will I need to leave California, the Coachella Valley, Indio ... home? I don't want that! I do want to be part of the solution, but I'm not happy with communication re plans that might help give me some confidence that I will be able to take that part in terms of paying for it.

October 5, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by October 28, 2022.

Stakeholder Information:

Agency/Affiliation:	City of Indian Wells
Point of Contact:	Ken Seumalo
Email:	kseumalo@indianwells.com
Phone:	760/776-0237

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?
 - Municipal and residential services
- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?
 - reliability
- 3) What is your assessment of future electric service needs in the broader Region?
 - With the increase use of EV's, supply and infrastructure are two major concerns.
- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?
 - a. What would be the optimal governance structure that meets your needs?
 - Board/customer structure
 - b. Is there a governance structure that you would not be able to support?
 - unknown
- 5) What do you consider as "drivers" for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

The State's push for exclusive EV vehicles increases service needs beyond the infrastructure's capacity

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:
- a. Regulatory and Legal –
 - Low priority
 - b. Distribution and Transmission –
 - high priority
 - c. Electric Generation –
 - high priority
 - d. Planning –
 - high priority
 - e. Financial, Administrative, and Customer Services –
 - medium priority
 - f. Rates and Cost –
 - Medium priority
 - g. Reliability –
 - high priority
 - h. Other -
- 7) Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?
- It is sufficient for current and near future needs, but it is not sufficient for long term area needs
- 8) Do you have environmental concerns on current electric generation sources?
- Yes. Sustainability is important for long term reliable service
- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing "X".
- a. Municipal utility - "X"
 - b. Private utility such as Southern California Edison or San Diego Gas & Electric
 - c. City or County run utility
 - d. No preference or other
- 10) How can the Coachella Valley advance their electric utility service?
- Require development to build energy efficient buildings with solar power infrastructure in place
- 11) What do you believe is the biggest challenge in the electric service industry at the moment?
- Fire hazard caused by lack of system maintenance and/or upgrades
- 12) How do you feel about your electric service rates for the level of service you receive?
- The rates are reasonable compared to the service provided

13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

- The service will be available after a large natural disaster. Emergency preparedness and self sufficiency materials in the billing documents will increase awareness

14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?

- no



October 5, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by October 28, 2022.

Stakeholder Information:

Agency/Affiliation: Augustine Band of Cahuilla Indians
Point of Contact: William Vance
Email: wvance@augustinetribe.com
Phone: 760-398-4722

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?

The Tribe has a 3MW Solar field, multiple homes, a government headquarters building, an organic farm, and a Casino that all require electrical service or connection to the grid. The tribe will also need new connections for future projects.

- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?

Uninterrupted, reliable, and clean energy for the valley's current and future needs.

- 3) What is your assessment of future electric service needs in the broader Region?

Due to the growing population and increasing environmental pressures the region will need to have multiple new reliable sources of power.

- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?

- a. What would be the optimal governance structure that meets your needs?

Equal representation for all key stakeholders in the valley with a focus on providing energy instead of profit.

- b. Is there a governance structure that you would not be able to support?
A structure that does not listen to its stakeholders and focuses on profit.

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

Reliable service, cost, representation, and a willingness to prioritize alternative or renewable energy sources.

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:
- a. Regulatory and Legal – Providing regulatory and legal issues in layman terms.
 - b. Distribution and Transmission – 4 Insuring availability for future growth.
 - c. Electric Generation – 3 Increase of clean, reliable, local generation.
 - d. Planning – Insuring a solution should IID leave the Coachella Valley.
 - e. Financial, Administrative, and Customer Services – Improving customer service and ability to request information or data (Billing, usage, contracts, etc.). Communication between departments within IID could be improved.
 - f. Rates and Cost – 1 Increase cost with decrease in reliability.
 - g. Reliability - 2 Outage and brownouts have increased which has had a direct negative impact on tribal revenues.
 - h. Other – Insuring a good relationship with the Augustine tribe on all aspects of power.
- 7) Do you believe the current electric service in the Coachella Vally is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?
- No, there will be an increase of stress on the system which will lead to increased outages and other negative effects which could led to disastrous events in the Coachella Valley.
- 8) Do you have environmental concerns on current electric generation sources?
The tribe supports current trend towards renewable clean sources.
- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing “X”.

- a. Municipal utility
- b. Private utility such as Southern California Edison or San Diego Gas & Electric
- c. City or County run utility
- d. No preference or other X

10) How can the Coachella Valley advance their electric utility service?

Increase focus on maintenance of equipment and system.

Update aged systems.

Utilize most current technologies when expanding grid to increase efficiency and reliability in delivery of power.

Increase focus on local energy production.

11) What do you believe is the biggest challenge in the electric service industry at the moment?

Reliance on power sources outside of the region that can be reduced or taken away.

12) How do you feel about your electric service rates for the level of service you receive?

The rates are high for the level of service and reliability we receive.

13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

The tribe is unaware of current misconceptions about electric service in the Coachella Valley

14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?

Not at this time.



October 12, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by **November 4, 2022**.

Stakeholder Information:

Agency/Affiliation:	City of Coachella
Point of Contact:	Dr. Gabriel Martin – City Manager
Email:	gmartin@coachella.org
Phone:	(760) 625-6062

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?

The Coachella Valley has the potential for significant economic development. Residential, General Service, and industrial customer loads are projected to grow from between 5-20 MW to over 300 MW over the next 20 years, if electric service is made available.

- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?

Electric Service in the Economic Development Zone.

- 3) What is your assessment of future electric service needs in the broader Region?

Agricultural and industrial retail customers will continue to drive growth of retail sales the broader region.

- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?

- a. What would be the optimal governance structure that meets your needs?

A Municipal Utility would allow for greater local control.

- b. Is there a governance structure that you would not be able to support?

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

Representation and service needs. The City would like to encourage economic development. Potential new customers have reported they are unable to obtain electric service due to line extension policies established by IID (cost prohibitive).

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:
- a. Regulatory and Legal -
 - b. Distribution and Transmission -
 - c. Electric Generation -
 - d. Planning - Utility infrastructure investments are needed to encourage economic growth in the Coachella Valley. IID should already be designing new sub stations and ordering new equipment in order to meet current and future demand.
 - e. Financial, Administrative, and Customer Services -
 - f. Rates and Cost – The majority of the City of Coachella is a disadvantaged community that has a low household income. Rates must continue to be affordable due to the socioeconomic status of the community especially during the summer months when extreme climate can cause dangerous situations for those who cannot afford power for AC.
 - g. Reliability -
 - h. Other -
- 7) Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?

Microgrids will become standard utility practice. Retail rates will need to reflect the nature of decentralized systems.

- 8) Do you have environmental concerns on current electric generation sources?

No.

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing “X”.
- a. Municipal utility
 - b. Private utility such as Southern California Edison or San Diego Gas & Electric
 - c. City or County run utility
 - d. No preference or other

10) How can the Coachella Valley advance their electric utility service?

Investment in local resources, customer programs such as energy efficiency, increase local control.

11) What do you believe is the biggest challenge in the electric service industry at the moment?

Some ideas:

- Electrification under renewable and greenhouse gas mandates, transmission investments
- PSPS events (may not be applicable down south?)
- High-cost summer events – market price duck curve
- communication with retail customers about time of use issues

12) How do you feel about your electric service rates for the level of service you receive?

IID rates are lower than SCE rates.

13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

1. The IID system is outdated and oversubscribed which will deter developers from bringing in economic development project and create new industries and jobs.
2. IID has a long bureaucratic process in order to obtain approvals, will serve letters and construction schedules for projects.
3. Coachella Valley residents/customers do not have any representation or voice on the IID Board, even though they are the majority of the electric customers for the district.

14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?

1. The conditions of existing sub-stations in sub-urban areas within Cities need to be addressed. Some of the sub-stations in Coachella are in the middle of residential and affordable housing areas; however, they do not have sidewalks, streetlights, bike lanes and ADA ramps for safe accessibility or active transportation for residents. They can also use some beautification, such as landscaping and trees to reduce the carbon emission footprint from the gas turbine generators on site.



October 12, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by **November 4, 2022**.

Stakeholder Information:

Agency/Affiliation:	Coachella Valley Water District (CVWD)
Point of Contact:	Jim Barrett
Email:	jbarrett@cvwd.org
Phone:	760.398.2651

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?

CVWD's current electrical needs are industrial and about 8 Megawatts in IID's Coachella Valley service area.

- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?

Highest priority would be representation of all utility ratepayers on the governing board. A close second would be uninterruptible service at reasonable rates. Municipalities want infrastructure. It is hard to determine whether the current electrical service provider has provided adequate system maintenance consistent with best industry standards.

- 3) What is your assessment of future electric service needs in the broader Region?

It is our understanding that La Quinta, Indio, Coachella and Riverside County all need additional substations to support growth, which will require additional transmission and generation assets as well.

- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?

- a. What would be the optimal governance structure that meets your needs?

CVWD believes that if a public entity is to provide electric service to the Coachella Valley, the governance structure should provide the Coachella Valley ratepayers with voting representation and recognize that the ratepayers paid for and own the electric infrastructure.

- b. Is there a governance structure that you would not be able to support?

CVWD could not support a governance structure that continues to ignore the majority of the ratepayers to which it provides service.

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

The primary “driver” for change would be recognizing that 60% of the current revenue stream comes from ratepayers in the provider’s total service area who are not currently able to vote for representation on the governing board. Secondly, a determination on ownership of the electric infrastructure currently providing service is needed, to include all distribution, transmission and generation assets, regardless of physical location.

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:
- a. Regulatory and Legal – N/A
 - b. Distribution and Transmission – fifth priority
 - c. Electric Generation – seventh priority
 - d. Planning – fourth priority
 - e. Financial, Administrative, and Customer Services – third priority
 - f. Rates and Cost – sixth priority
 - g. Reliability – second priority
 - h. Other – CVWD believes first and foremost that representation of Coachella Service Area ratepayers must be included in the electric utility governing board.
- 7) Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?

No, the current electric service provider is not well positioned in the Coachella service area to support new development or growth as the area needs additional substations, transmission and generation investment.

- 8) Do you have environmental concerns on current electric generation sources?

Yes, it is currently unclear how the current electric service provider is able to comply with the state-wide requirement to go to 100% renewable. The development of geothermal and the harvesting of lithium is a growing concern.

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing “X”.
- a. Municipal utility
 - b. Private utility such as Southern California Edison or San Diego Gas & Electric
 - c. City or County run utility

- d. No preference or other – X... CVWD prefers an entity that would provide for the representation of all its ratepayers

10) How can the Coachella Valley advance their electric utility service?

By recognizing that the 1934 Compromise Agreement does not provide clear guidance on “what happens next” nor does it guarantee that the current electric provider will have a continuing presence. In order to fully evaluate alternatives, a legal determination must be made on ownership of all assets (distribution, transmission and generation) and voting representation rights of all ratepayers must be accommodated.

11) What do you believe is the biggest challenge in the electric service industry at the moment?

System maintenance costs and the requirement to move to 100% renewable generation.

12) How do you feel about your electric service rates for the level of service you receive?

While the residential rates may be lower than those of any alternative providers, the current electric service provider does not offer the same industrial/commercial incentives as local investor owned utilities to reduce peak usage.

13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

The current electric service provider treats both Imperial and Coachella service areas with the same priority and investment.

The current governance structure accurately reflects all ratepayer interests.

The current electrical service provider can only exist as a combined water and electric utility.

14) Is there anything we’re leaving out that should be addressed for electric service in the Coachella Valley?

Yes, we believe that there is a history and context to the Compromise Agreement that would be helpful for you to consider as part of your process.

Boulder Canyon Project Act

The Boulder Canyon Project Act of 1928 (the “Act”) authorized construction of a dam on the Colorado River in order to control the river and preserve its waters. In addition to dam construction, the Act contemplated construction of the All- American canal as a reclamation project, with a single canal from the river toward the Imperial Valley, ultimately branching into two canals, one each to deliver water to the Imperial and Coachella Valleys. Both Imperial Irrigation District (“IID”) and Coachella Valley Water District (“CVWD” - then known as the Coachella Valley County Water District) were separately negotiating independent contracts with United States for construction of the canal, and repayment of the construction cost.

The Act was primarily directed at water issues, but it also enabled the Department of the Interior to contract for hydroelectric “power possibilities” on the canal.

The U.S. recognized that the generation and sale of power could help pay for canal construction, and so in addition to allocation of water rights and canal construction to convey those waters, the U.S. was willing to give all hydro-electric power generation capabilities on the canals to the districts, in exchange for the districts turning over any “net proceeds” received from power operations until canal construction was repaid.

Contracts between IID, CVWD, and the United States.

Both CVWD and IID separately negotiated contracts with the United States to bring canals to their valleys. IID proposed a plan that would allow it to absorb CVWD, and IID attempted to convince the U.S. to back that plan, urging it to agree to abandon the Coachella branch of the canal if IID’s efforts to absorb CVWD failed.

IID signed its contract with the U.S. on December 1, 1932, providing, *inter alia*: (a) allocation of water rights as between the various entities involved; (b) IID the right to any “power possibilities” on the canal; (c) IID’s share of Net Proceeds from power operations would be paid to the U.S. until canal construction was fully reimbursed; and (d) IID would absorb CVWD if IID’s validation action on the contract was successful and 90% of the Coachella lands presented petitions in favor. The IID contract also provided that if IID’s effort to subsume CVWD did not succeed, the Coachella branch of the canal would not be constructed. As required by its contract with the U.S., IID filed a validation action to confirm the deal.

Initially, CVWD agreed to allow IID to absorb the Coachella Valley; but Coachella Valley residents did not agree. The community unseated CVWD board members who had gone along with the plan and appointed new board members who favored Coachella Valley remaining separate.

CVWD challenged the complaint in the IID validation action attempting to stop IID and the United States from moving forward without a commitment from the U.S. to build the Coachella branch and allow the Coachella Valley to remain separate.

The Court ruled in IID’s favor, finding that the U.S. had consented to IID annexing the Coachella Valley¹, and that the U.S. was free to contract for the construction of one branch of the canal (to Imperial Valley) without regard to construction of the other (to the Coachella Valley). CVWD appealed.

While the appeal was pending, CVWD and IID negotiated potential resolutions that would allow CVWD to remain separate, for the Coachella branch of the canal to be constructed, and for CVWD to participate in the “power possibilities” on the canal in proportion to its contribution to the cost of construction of the main branch of the canal and the dam thereon and the value of the power possibilities on the Coachella branch.

¹ The U.S. did not have legal authority or power to make, order, or legally bring about changes to district boundaries (as noted in the Court’s decision, these were powers to be determined by the California legislature and California law). But from the U.S. perspective, given this was a reclamation project, any change in district boundaries taking place after the contract between IID and the U.S. for canal construction could potentially impact IID’s reimbursement obligations for the cost of the canal. Article 11 of IID’s contract with the U.S. prohibited IID from changing its boundaries without written consent from the Secretary of the Interior (California Water Code Section 23202 enacted in 1917 provided a similar restriction against boundary changes by any district that had contracted with the United States, and part of CVWD’s arguments in IID’s validation case addressed the validity of that statute). In its contract with IID for canal construction and reimbursement, the U.S. agreed to IID’s proposed annexation of the Coachella Valley lands if IID were to successfully bring it about pursuant to applicable California law (including a vote, and judicial validation).

Eventually, the U.S. threatened to cancel the entire canal project if the Districts were unable to resolve their differences. In response, IID abandoned its attempt to overtake CVWD, and both parties signed the February 14, 1934 Compromise Agreement resolving their dispute, requiring CVWD to dismiss its legal challenges, allowing IID's contract with the U.S. and the overall project to go forward. The Compromise Agreement also reiterated the allocation of water rights as between the various entities.

On October 15, 1934, CVWD signed its own contract with the United States. The Coachella contract provided for construction of the Coachella branch, reiterated the same allocation of water rights as between the various entities, granted all power possibilities on the Coachella branch of the canal to CVWD, and required repayment of the cost through net proceeds earned from power.

With respect to power, the United States gave each district the right to exploit, develop, contract for, "power possibilities" and the power generated on the respective branches of the canal. These contracts do not give either party the right to serve or sell power to anyone or anywhere. The United States did not have the authority to grant the right for a California local agency to serve power in California, nor did the contracts attempt to do so. Rather, the contracts merely gave the districts the right to any power possibilities on the canals.

The Compromise Agreement.

In their 1934 Compromise Agreement, IID and CVWD again agreed to the same allocation of water priorities between IID and CVWD. CVWD agreed to lease its power possibilities to IID for 99 years, in exchange for an 8% annual share of "net proceeds" generated from power, through December 31, 2032. The term "net proceeds" is defined in Compromise Agreement section 17 and has resulted in significant disputes between the parties over the years.

IID agreed to serve power in the Coachella Valley for 99 years and to sell that power at rates no greater than those charged by IID to customers within its boundaries. To facilitate the plan, and to enable IID to unseat the existing power provider in the Coachella Valley, CVWD agreed to deliver 80 percent of all power customers in the Coachella Valley to IID.

IID's entire power department (including all aspects of generation, transmission, and distribution) is a 99-year joint venture between IID and CVWD for the life of the Compromise Agreement, and CVWD is entitled to 8% of all net proceeds generated thereby. In the Statement of Decision following the first phase of trial in the litigation initiated by CVWD in 1994, the Court explained IID's fiduciary duty to CVWD arising from the joint venture relationship, and in IID's calculation and payment of CVWD's 8% net proceeds share:

"Pursuant to the Compromise Agreement, Imperial undertook to act on Coachella's behalf, by, among other things, calculating the net proceeds due to Coachella for payment on account to the United States and managing the power system for their mutual benefit. And at all times, Imperial knew that it alone possessed all of the records necessary to verify whether Imperial's calculation of net proceeds was correct and whether it was making sufficient payments to the United States on Coachella's behalf and later to Coachella. Likewise, Imperial enjoyed complete control of power operations for the parties' mutual benefit without any meaningful scrutiny by Coachella. Under these circumstances, Imperial owed Coachella the utmost fiduciary duty regardless of the label applied to their business venture; See, *Glassell v. Raymond* (1959) 175 Cal.App.2d 599, 18 603-604 [obligation imposed upon parties which stood on equal footing as entrepreneurs in business venture "was fiduciary in character ... with respect to the subject matter of 20 their agreement"]." (October 6, 1999, Statement of Decision, p. 11, lines 8-20)

The Court also found that CVWD is a passive joint venture partner, in that IID has “exclusive authority to manage” the joint venture.

IID has made all power related decisions, typically without soliciting input from CVWD. As the canals were being planned, IID decided to eliminate proposed drops on the Coachella branch that would have allowed for generation of hydroelectric power, as IID had concluded the drops were unnecessary to the joint venture.

IID Becomes a Power Provider in the Coachella Valley.

Following its contract with the United States securing all “power possibilities” that exist on the Imperial Canal, IID sought and obtained legislative and governmental authority to begin acting as a power provider. CVWD was a joint applicant on some of the permits IID obtained in later years.

In 1936, IID entered the power business in Imperial Valley, in direct competition with the California Electric Power Company (or its affiliated companies, “Cal Electric”) that had been operating in the Imperial Valley since 1905. IID’s entry into the market resulted in “keen competition” and often duplicative power distribution facilities.² At that time, Cal Electric had also enjoyed a monopoly as the sole power provider in the Coachella Valley.

In 1943, based upon CVWD’s promise in the Compromise Agreement to deliver 80% of Coachella Valley power customers, IID was able to convince Cal Electric to sell IID a portion of its operations in the Coachella Valley (what is now known as IID’s Coachella Service Area), as well as all of the Cal Electric’s operations and facilities in Imperial Valley.

Cal Electric presented two applications to the Railroad Commission (predecessor to California Public Utilities Commission – “CPUC”) seeking permission: (1) to sell its power operations in the Imperial Valley and some of its power operations in the Coachella Valley to IID; and (2) to enter into a boundary agreement with IID dividing up the Coachella Valley, with each party agreeing to not compete with the other for a period of 25 years.

On September 22, 1943, the Railroad Commission issued Opinions granting both applications.

The “Boundary Agreement” between IID and Cal Electric (now Southern California Edison, as Cal Electric was merged into Southern California Edison in 1964) has been renewed roughly every 25 years (1967, 1992, 2018), and approved by the California Public Utilities Commission (through applications filed by Southern California Edison) such that IID has since 1943 enjoyed a power monopoly in its Coachella Service Area.³

IID’s “authority” to operate as a power provider in the Coachella Valley derives from legislative, regulatory, and contractual authorities, approvals, and commitments that IID sought and obtained in the years 1936 through 1943.

² Railroad Commission Opinion on Application by California Electric Power Company to allow sale of assets and operations to IID, dated September 22, 1943.

³ The agreement, last renewed on October 15, 2018, will be automatically renewed on the same calendar day every five years in perpetuity, unless either party provides a one-year notice of non-renewal. The next renewal is scheduled to automatically take place on October 15, 2023, unless either party provided notice of non-renewal on or before October 13, 2022. Thereafter, the next automatic renewal will take place on October 15, 2028, unless either party provides notice of non-renewal on or before October 13, 2027.

Despite a common misperception, the Compromise Agreement did not provide IID with any legal authority, regulatory permission, or right to operate as a power provider in the Coachella Valley, nor did CVWD have the legal authority to grant any such rights. Rather, the Compromise Agreement contractually obligated IID to do so for the life of the Compromise Agreement and at rates no greater than what IID charged to its own Imperial Valley rate payers.

IID has thus far fulfilled its obligation to serve power in the Coachella Valley at the same rates as its power customers in the Imperial Valley.

Compromise Agreement Expiry.

When the Compromise Agreement expires at the end of 2032 (if it is not extended by mutual agreement), the parties are required to engage in an effort to divide their “rights and privileges,” and if that effort fails, to resolve the issues by arbitration. Compromise Agreement 17(p) and (q) provide broad possibilities in how the power joint venture is to be divided:

17(p):

“That at the termination of said lease the rights and privileges of the parties thereto shall be segregated and/or adjusted as may be equitable and just, having in view the business, interests and investments of the parties and their respective legal and equitable rights in said power rights, works and facilities on or in conjunction with the All American Canal.”

17(q):

“That in the event the parties cannot agree upon such segregation or adjustment, then the same shall be made by a board of arbitration, consisting of five persons, one to be selected by Imperial District, one by Coachella District, and three by the Secretary of the Interior and the decision of said board of arbitration shall be final and binding upon the parties to said lease.”

The Compromise Agreement has no provision dealing with continued electrical service in the Coachella Valley after contract expiry.



October 12, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by **November 23, 2022**.

Stakeholder Information:

Agency/Affiliation: Palm Creek Ranch, LLC-Real Estate Development
Point of Contact: Howard Justus
Email: hjustus@justusenterprise.com
Phone: 619 405-3585

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?
We have 820 dwelling units in our development. IID has indicated that they only have the capacity to deliver power to 250 units.
- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?
The ability to deliver reliable and efficient power to accommodate growth in the Coachella Valley.
- 3) What is your assessment of future electric service needs in the broader Region?
Will continue to grow with the growth in the region.
- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?
 - a. What would be the optimal governance structure that meets your needs?
The entity providing the power for the region needs to be held accountable to the needs of the Coachella Valley ratepayers either by being regulated by state and/or federal regulatory bodies or by real representation on the governing board of the entity.
 - b. Is there a governance structure that you would not be able to support? *It is inherently unfair and problematic to elect the Board Members from small population districts outside of the region that may have competing interests with the residences of Coachella Valley.*

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

All the above.

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:

- a. Regulatory and Legal -
- b. Distribution and Transmission -
- c. Electric Generation -
- d. Planning – Supporting growth at an efficient rate and cost will always be the balance.
- e. Financial, Administrative, and Customer Services -
- f. Rates and Cost -
- g. Reliability -
- h. Other -

- 7) Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?

The Valley is well positioned to capitalize on renewable energy provided by hydroelectric, wind and solar to provide cheap and clean energy into the future.

- 8) Do you have environmental concerns on current electric generation sources?

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing “X”.

- a. Municipal utility
- b. Private utility such as Southern California Edison or San Diego Gas & Electric
- c. City or County run utility
- d. No preference or other

This question cannot be answered without knowing the cost, rate structure and ability to provide for planning and growth of each alternative. The ability to access an efficient and seamless approval process and timely delivery is important to accommodate future growth.

- 10) How can the Coachella Valley advance their electric utility service?

Providing reliable power at cheap rates without delay for growth.

11) What do you believe is the biggest challenge in the electric service industry at the moment?

Ability to provide for efficient growth.

12) How do you feel about your electric service rates for the level of service you receive?

One cannot rate service levels for what they cannot get.

13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

That power supporting growth is available. More emphasis on forward planning and delivery of power to accommodate future housing needs would be beneficial to all parties.

14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?

The interests of the rate payers in the Imperial Valley have historically differed than the interests of the ratepayers in the Coachella Valley. The Imperial Valley has long concerned itself with water and cheap power needs while the Coachella Valley has experienced explosive growth creating a greater interest in power availability and timeliness. Continuing to ignore these differences will continue to foster problems.



October 7, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by **October 28, 2022**.

Stakeholder Information: **BARBARA WALL BARRETT/ECAC**

IID/ECAC

Trinidad Arredondod

barbaracwall@earthlink.net

310-487-3909

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?

Residential, 2 adults – kitchen appliances, laundry, lighting, computers (home office, business use), irrigation, pool service.

The district I am in (Rancho Mirage/Palm Desert) has residential developments similar to mine, in terms of size and electric requirements. There is also a large commercial area in this district consisting of big box, entertainment, franchises, and some small businesses.

- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley? ***

- **Hospital /health services**
- **Police, fire, public safety**
- **Preparedness for extreme emergency services, i.e., earthquakes**

- 3) What is your assessment of future electric service needs in the broader Region? ***

- **Increasing housing tracts/residential development**
- **Walt Disney World**
- **Increasing hospital development**
- **Associated services & small business/big box to support the above**

- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?

- a. What would be the optimal governance structure that meets your needs?

Would prefer community-oriented, non-profit with elected board members; don't know anyone in my area dissatisfied with current IID organization

- b. Is there a governance structure that you would not be able to support?

A one-city (e.g., LA DWP) structure, trade association or government association (e.g., CVAG)

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

- **Washington, DC by way of Sacramento**
- **Increasing local population**
- **Migration from coastal areas**
- **Possibly local representation**
-

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:

a. Regulatory and Legal -

b. Distribution and Transmission -

c. Electric Generation - #1

d. Planning - **#2**

e. Financial, Administrative, and Customer Services -

f. Rates and Cost - **#3**

g. Reliability -

h. Other –

I believe #1 and #2 together are critical in early stages in order to provide reliable service, as well as keeping rates/costs competitive.

- 7) Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?

I have no idea what “climate change” refers to specifically, and the only reason we have “grid stress” is that we are not using the power creation sources we already have on hand.

- 8) Do you have environmental concerns on current electric generation sources?

I am very concerned about so-called “green energy”, which I believe to be almost non-existent in quantity, and what is available is unreliable and I don’t see anyone planning infrastructure for this – whatever it is. I have no problem with fossil fuels, as long as there are continued efforts to upgrade them and continue moving towards cleaner fossil fuels.

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing “X”.
- a. Municipal utility **X** **How is “municipal” different from “city”? I would like to see a conglomerate of cities in Coachella Valley form an entity that would provide the service – if IID is going away, which I hope it is NOT**
 - b. Private utility such as Southern California Edison or San Diego Gas & Electric
 - c. City or County run utility
 - d. No preference or other

- 10) How can the Coachella Valley advance their electric utility service?

Sorry, I don’t understand the question.

- 11) What do you believe is the biggest challenge in the electric service industry at the moment?

- **Misinformation**
- **Government**

- 12) How do you feel about your electric service rates for the level of service you receive?

Excellent!

- 13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

Most people I’ve asked have no idea how electricity is created/generated or where it comes from. Some just assume that it’s “clean” because they don’t see or smell emissions from their EVs.

- 14) Is there anything we’re leaving out that should be addressed for electric service in the Coachella Valley?

How will changes to operations work with Southern California Edison and/or any other utility providers?

***** Most of these operations currently are or may be serviced in the future by Southern California Edison, not IID.**



Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by **October 28, 2022**.

Stakeholder Information:

Agency/Affiliation: Leadership Counsel for Justice and Accountability
Point of Contact: Mariela Loera, Policy Advocate
Email: mloera@leadershipcounsel.org (Preferred method of contact)
Phone: (760) 501-8033

Electrical Service Study Questionnaire:

The following responses represent the needs of residential customers in Riverside County's unincorporated communities of Thermal, Oasis, Mecca, and North Shore, also known as the Eastern Coachella Valley (ECV). These responses are informed by our monthly community meetings, door-to-door outreach, and one-on-one conversations with residents of these communities over the past few years.

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?
 - **Energy Infrastructure Upgrades:**
 - There were two multi-day power outages that impacted residential customers in the ECV in February and August 2021. While we acknowledge that a multiday power outage did not impact ECV residents in 2022, residents continue to report short but frequent power outages. These are especially concerning given that they create malfunctions in people's home appliances, including air conditioners and refrigerators. Energy infrastructure needs to be improved to increase energy reliability and prevent future power outages.
 - Residents in mobile home parks also experience unreliable energy service, primarily due to the low capacity of the infrastructure and on-site transformers. Many mobile home park owners have expressed concern over the high cost of upgrading the park infrastructure to meet the energy demand, but face many challenges in doing so because of the high costs. This also includes the need for individual meters in mobile home parks.
 - **Representation:**
 - IID does not currently have adequate board representation for its customers residing in Riverside County. This severely harms and negatively impacts how service and infrastructure function in the Coachella Valley.
 - The ECV is also not adequately represented in CVEC. On October 6, 2021, we submitted a comment letter describing the type of representation ECV residents wanted for CVEC's

at-large county representative.¹ Additionally, on October 14, 2022, we submitted a follow-up letter with 56 ECV resident signatures supporting the appointment of Shayra Rubi Hernandez and Nereida Montes.² However, this was not supported by CVEC membership. In order to ensure that ECV's vision and needs are properly represented in the LAFCO study, and future decisions, there must be both direct communication with local residents and collaboration with an ECV representative that fits the description provided by residents in the October 6th comment letter. The lack of adequate representation in the CVEC space limits the ECV's opportunity to express its vision for the future of its electrical service and governance system and ensure it is included in the decision-making process moving forward.

➤ Emergency Preparedness:

- While IID and Riverside County have completed a *Concepts of Operations Plan (ConOps plan)* to respond to future power outages, the document needs to be further developed to ensure it fits the needs and lifestyles of the communities affected.³ We provided feedback to address this issue in a comment letter submitted on July 8, 2022.⁴ In summary we ask that the ConOps plan address the following:
 - Implement a variation of outreach and distribution methods that ensure ample accessibility to the ConOps plan and other related resources.
 - Predetermine vulnerable residents and communicate a plan of action to deliver immediate assistance during incidents.
 - Develop educational and training opportunities that are collaborative, accessible, useful, and of interest to residents.
 - Ensure resource centers, cooling centers, and shelters are accessible to residents.
 - Support the development of infrastructure that advances overall community resiliency.
 - Ensure that the ConOps is continuously informed by the needs and recommendations of the community.
 - Prioritize long-term solutions that prevent future emergency events.
- To ensure effective implementation of the ConOps plan, Riverside County and IID must also disseminate this guidance to community residents and increase awareness on how to respond to emergency events. Additionally, there needs to be a bigger effort to disseminate this document and ensure residents know of its content.
- IID should establish an emergency response and assistance fund to support customers who experience damages as a result of power outages. This fund can be used to provide immediate emergency assistance to residents during multi-day power outages, but also financial compensation for damages to home appliances. An alternative consideration can be to provide energy discounts on customer bills after multi-day power outages occur.

2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?

The information provided under question #1 details the highest priorities for ECV residents and small businesses, however, in addition to these, the ECV would greatly benefit from:

- Public, solar-powered street lighting across the ECV, but North Shore in particular.

¹ [Leadership Counsel for Justice and Accountability. "Public Comment 10142021." Pg #10.](#)

² [Leadership Counsel for Justice and Accountability. "Public Comment 10142021." Pg #3.](#)

³ [Riverside County and Imperial Irrigation District. Riverside County Power Outage of Operations.](#)

⁴ [Leadership Counsel for Justice and Accountability. "RE: Feedback on the Riverside County Power Outage Concept of Operations" July 8, 2022.](#)

- The use of clean and renewable energy in infrastructure improvements and energy services moving forward.
- Access to localized clean energy sources like microgrids and energy storage, as well as affordable home weatherization and decarbonization assistance programs.
- Collaboration with and assistance for Tribal communities to ensure the proper energy infrastructure is in place and that the energy rates that residents on tribal land are paying match those required by IID.

3) What is your assessment of future electric service needs in the broader Region?

Some CVEC commissioners have expressed interest in the expansion of existing energy infrastructure to accommodate development expansion in their cities. Additionally, the recently released [“Draft Report of the Blue Ribbon Commission on Lithium Extraction in California”](#) describes the need to expand energy infrastructure, like transmission lines, to transmit locally produced renewable energy to the rest of California and other states. However, this report fails to recognize the importance of also improving transmission infrastructure to better serve the existing communities within the Salton Sea region. The development of the proposed “Lithium Valley” will catalyze a rapid transition to renewable energy and we believe that the ECV, as environmental justice communities, need additional support to follow this transition.

Therefore, both the existing electric service and infrastructure must be significantly improved to successfully withstand not only the increased climate change and grid stress but also the predicted population and industrial growth in the region. However, while IID needs to prepare for this growth, communities in the ECV continue to experience accessibility and reliability issues as described above. This study must reflect the need to prioritize upgrading existing infrastructure to reduce reliability and service gaps.

- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?
- a. What would be the optimal governance structure that meets your needs?
 - b. Is there a governance structure that you would not be able to support?
 - c. Any structure where the energy service provider’s governmental body DOES NOT have at least one representative that directly speaks for ECV customers.

If IID continues to serve its current Riverside County customers it must add additional director seat(s) to its board to represent these customers. Such members should reside in the Coachella Valley and be well-versed in energy needs across all cities and communities they are representing. It is vital that at least one of these representatives is familiar with the unique needs of ECV communities. Ultimately, given that 97,106 of IID’s 158,998 electric customers, or about 61%, are Coachella Valley residents, it is vital that they have direct representation on IID’s board of directors.⁵

If IID is no longer the energy service provider for the region then the optimal governance structure will vary depending on the agency's service area and if applicable its existing governance structure.

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

As explained above, the current conditions of energy infrastructure and services in the ECV require significant changes and improvements in order to best support the quality of life of residents through

⁵ [Coachella Valley Energy Commission. “Regular Meeting Agenda, Thursday, August 5, 2021”. Pg #10.](#)

energy reliability and affordability. The ECV is already a highly disadvantaged and environmentally challenged region, and the added cumulative impacts of frequent and extended power outages only cause more damage to communities. Residents have been calling for improvements to infrastructure, transmission lines, metering, and energy rates. As described throughout our answers in this questionnaire: representation structure, electricity cost, population growth, industrial expansion, the transition towards clean energy, and the increased climate crisis are all simultaneously impacting each other and the overall electrical service.

6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:

- a. Regulatory and Legal -
- b. Distribution and Transmission -

This is a high priority and is described in the answer to question #1.

- c. Electric Generation -

As described in the answer to question #2, ECV residents want to see an increase in clean and renewable energy sources and servicing technologies that directly benefit their lives.

- d. Planning -
- e. Financial, Administrative, and Customer Services -

There must be more coordination between IID (or any future service provider) and ECV mobile home park owners. ECV mobile home park residents need more transparency on meter reading tactics and billing information within mobile home parks. While we understand that this is led by the mobile homeowner, IID (or any future service provider) must ensure that there is clear communication on energy rates and how these are determined. This should be done by ensuring an open line of communication with mobile homeowners and the appropriate departments at Riverside County and also providing resources and guidance to them on how to ensure transparency with their tenants.

Residents have also expressed concerns with IID's call centers sharing that it is difficult to get the information inquired, specific questions answered, and guidance on how to access IID's benefit programs. IID has responded to these concerns by stating that they will continue to work on staff training. We recommend that a guide on how to access information and the appropriate numbers to call for specific questions is made available and accessible to ECV customers.

- f. Rates and Cost -

There must be an accessible guide on how to better understand the fluctuation of electrical rates and bills. Residents continuously ask about the fluctuation of their bills throughout the year, share concerns about high electric bills even during vacation months when they are not at home, and are interested in general information on the information in their monthly bills. This information is especially inaccessible to residents in mobile home parks who are directly charged by the mobile home park owner.

Additionally, as future upgrades are made to energy infrastructure it is important that electricity rates are affordable to ECV customers.

g. Reliability -

This is a high priority and is described in the answer to question #1.

h. Other -

- 7) Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?

As described in the answer to question #3, we are concerned about the anticipated increase in energy demand in the region given population growth and increased industrial development all while there is increasing grid stress, extreme weather conditions, and a transition towards clean and renewable energy. We stress our concern for existing ECV energy needs which must be addressed before moving forward with expansion projects.

- 8) Do you have environmental concerns on current electric generation sources?

To our understanding IID purchases energy from the Desert View Power, LLC power plant, also known as the Greenleaf power plant, in Mecca, California. On June 13, 2022, the United States Environmental Protection Agency Region 9 issued a Notice of Violation (NOV) to the Greenleaf power plant for violation of the Clean Air Act (CAA) including violation of the facility's 2020 Title V Permit and 2020 Title V Permit. In summary, the power plant exceeded its emission limits for SO₂, NO_x, CO, PM, HCl, Opacity, and Mercury. As described in the NOV these emissions are responsible for the environmental and health impacts described below. We strongly encourage IID (or any future service provider) to terminate its contract with the Greenleaf power plant until they comply with CAA standards.

- SO₂: wheezing, chest tightness, shortness of breath, and respiratory-related illnesses. Children, the elderly, and those with asthma are at the most risk.
- NO_x: smog, soot, and acid rain. Asthma attacks or respiratory-related illnesses increase hospital visits.
- CO: reduces the amount of oxygen that can be transported in the bloodstream to critical organs like the heart and brain. At very high levels, which are possible indoors or in other enclosed environments, CO can cause dizziness, confusion, unconsciousness, and death.
- Opacity: higher opacity levels mean more PM in air
- PM: decreased lung function growth, exacerbation of allergic symptoms, and increased respiratory symptoms.
- Mercury: acute health disorders as well as irritation to the lung, skin, and mucus. Short-term exposure to high levels can affect the central nervous system such as tremors, mood changes, and slowed sensory and motor nerve function. High inhalation exposure can cause kidney damage and gastrointestinal tract and respiratory system
- HCl: impact eyes, skin, and mucous membranes. Acute or short-term inhalation exposure to HCl may cause irritation and inflammation, while chronic or long-term occupational exposure can lead to gastritis, bronchitis, and dermatitis.

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing "X".
- a. Municipal utility
 - b. Private utility such as Southern California Edison or San Diego Gas & Electric
 - c. City or County run utility

d. No preference or other

If a transition towards a new electric service utility is being considered it is vital that the direct input of the impacted Riverside County customers is directly considered. We recommend attaching a survey to Riverside County's IID customers who will be impacted by this change. The survey should ask residents what their preferred electric service utility looks like, provide the potential options, and provide a summary of the pros and cons for each of these options. The survey should be easy to understand, be provided in English, Spanish, and Purepecha, and be easy to submit once completed.

Additionally, we prefer a service utility that is publicly owned or government-regulated and we do not support a privately owned utility.

10) How can the Coachella Valley advance their electric utility service?

IID (or any future service provider) must ensure adequate representation that ensures that the needs of individual communities and cities are addressed. The needs of the ECV as described throughout our responses to this questionnaire represent the needed advances to improve the electric utility service for the ECV.

11) What do you believe is the biggest challenge in the electric service industry at the moment?

The biggest challenge in the electric service industry at the moment is mitigating and adapting to climate change, including extreme weather events while providing affordable and reliable electricity to consumers.

12) How do you feel about your electric service rates for the level of service you receive?

As described in our response to question #6 subsection e and f there needs to be increased transparency on bill structure and rates. In general ECV residents express concern about the fluctuation of bills without a clear explanation. Some ECV residents have shared that their bill surpasses the \$300 charge which does not seem reasonable.

13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

One misconception we often hear is the supposed "low demand" for energy service in the ECV and Imperial County. While the population in both areas may be low compared to more urban areas, these regions still lack energy reliability and adequate infrastructure. In the ECV, many mobile home parks don't have the appropriate metering systems for each unit which reduces the number of actual customers.

14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?



October 12, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by **November 23, 2022**.

Stakeholder Information: Noel Ragsdale, individual residential consumer. Email: noelrags@gmail.com

Member of the Sky Valley Community Council

Agency/Affiliation:

Point of Contact:

Email:

Phone:

No

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?

I am a residential customer living in the unincorporated community of Sky Valley

- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?

Reliable and reasonably priced service

- 3) What is your assessment of future electric service needs in the broader Region?

I expect the needs will increase as population increases.

- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?

- a. What would be the optimal governance structure that meets your needs?

I believe that the current governance structure with IID is optimal.

- b. Is there a governance structure that you would not be able to support?

I do not support any change in the governance structure.

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

I think service needs and costs are the main drivers. I do not think there is any problem with the current governance structure.

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:

- a. Regulatory and Legal -
- b. Distribution and Transmission -
- c. Electric Generation -
- d. Planning -
- e. Financial, Administrative, and Customer Services -
- f. Rates and Cost -
- g. Reliability -
- h. Other -

- 7) Do you believe the current electric service in the Coachella Vally is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?

Yes, I think IID is as well positioned as any other electric service provider to address emerging issues relative to climate change, grid stress, reliability and increased electric usage.

- 8) Do you have environmental concerns on current electric generation sources?

No – though I think we will all need to move to wind and solar sources.

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing “X”.

- a. Municipal utility
- b. Private utility such as Southern California Edison or San Diego Gas & Electric
- c. City or County run utility
- d. No preference or other

I would be very unhappy were IID’s electrical service to end and be replaced by any of the options listed above in (a) through (c). I know that the two private utility providers mentioned in (b) provide terrible service at high prices. I do not want to be subject to the governmental bureaucracies that municipal, city or county run utilities would bring with them.

10) How can the Coachella Valley advance their electric utility service?

This is a meaningless question.

11) What do you believe is the biggest challenge in the electric service industry at the moment?

Enhancing the development of wind and solar sources of electric power.

12) How do you feel about your electric service rates for the level of service you receive?

I think IID has fair rates for the service provided.

13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

I am not aware of common misconceptions which other people have. Again...a meaningless question.

14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?

No.



October 5, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by October 28, 2022.

Stakeholder Information:

Agency/Affiliation: CITY OF INDIO
Point of Contact: Bryan Montgomery, City Manager
Email: bmontgomery@indio.org
Phone: (760) 391-4015

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?

The demands are rapidly increasing as more residents work from home, more are making the desert communities a permanent home (not just a vacation home), and more residents are utilizing electric vehicles and other "electricity thirsty" devices. More substations are needed ASAP.

- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?

Key infrastructure upgrades, with a focus on substations. These are critical for the reliability, redundancy, safety, and economic development of our communities.

- 3) What is your assessment of future electric service needs in the broader Region?

I believe the responses to the questions above also provide an answer to this question.

- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?

- a. What would be the optimal governance structure that meets your needs?

A representation of all customers within the IID service territory is needed. The interests relating to electricity are different between the two counties, so a Coachella Valley entity is really the optimal solution. This could be a service/special district or JPA.

- b. Is there a governance structure that you would not be able to support?

The current structure is unfair and unworkable.

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

For electric service, there needs to be revenues generated and dedicated to infrastructure improvements – just like the rate cases made by investor-owned utilities. The CPUC requires those entities to provide for infrastructure improvements and approves rates that provide the revenues needed.

For governance, there needs to be fair representation. With such disparate conditions and interests between the two counties, the Coachella Valley needs its own governance structure for electricity.

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:
- a. Regulatory and Legal – **Policies need to be changed and more realistic relating to covering the costs of new substations. While a development impact fee makes sense to reimburse a reasonable share to access existing infrastructure, the upfront cost of the infrastructure should be covered by rates – similar to the investor-owned utilities.**
 - b. Distribution and Transmission - **MOST important. Rates have been too low for too long and aren’t providing the necessary resources.**
 - c. Electric Generation -
 - d. Planning -
 - e. Financial, Administrative, and Customer Services -
 - f. Rates and Cost – **Rates are low and don’t appear to generate the revenues needed.**
 - g. Reliability - **The system has many aged components that need replacement.**
 - h. Other -
- 7) Do you believe the current electric service in the Coachella Vally is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years? **The electrical service is not positioned well. We are aware of a handful of potential employers who have turned away from the IID territory because of the lack of infrastructure.**

- 8) Do you have environmental concerns on current electric generation sources?

None that I am aware of.

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing “X”.
- a. Municipal utility **Perhaps with more than one city**
 - b. Private utility such as Southern California Edison or San Diego Gas & Electric
 - c. City or County run utility
 - d. No preference or other **New special district or JPA**

10) How can the Coachella Valley advance their electric utility service?

By encouraging IID to make the investments here and eventually some other governance model be put in place.

11) What do you believe is the biggest challenge in the electric service industry at the moment?

I think key infrastructure and supply-chain issues for components of that infrastructure.

12) How do you feel about your electric service rates for the level of service you receive?

The rates seem fine, but not adequate for needed infrastructure upgrades. In some ways, the low rates are a great disservice to the customers.

13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

A key one is that we praise and are proud of low rates, but the misconception is that scenario is not sustainable and, in a way, unfair to the ratepayers.

14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?



October 5, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by October 28, 2022.

Stakeholder Information:

Agency/Affiliation:	CITY OF LA QUINTA
Point of Contact:	JON McMILLEN, CITY MANAGER
Email:	jmcmillen@laquintaca.gov
Phone:	760-777-7100 or 760-212-2322

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?

The City of La Quinta currently has 25,875 households and more than 550 commercial/retail and/or industrial customers. Electrical consumption continues to rise with more full-time residents and building codes and state mandates that increase the demand. Existing infrastructure and substations are operating at or above their design capacity reducing reliability and redundancy. Based on current proposed projects in La Quinta one new substation and four substation expansions are required.

- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?

Throughout the Coachella Valley, communities have the need for electric infrastructure which is essential in promoting system reliability and supporting prudent economic development.

Critical local electricity infrastructure in the Coachella Valley needs major upgrade, repair, and expansion to improve safety, reliability, redundancy, and the economic viability of the valley.

Growth and development including the need for more affordable housing units cannot occur without additional substations. Already La Quinta is seeing potential housing and development projects not moving forward because of the lack of service and high cost for additional substations. Many residential/commercial/retail projects once approved for electrical/energy service have since received letters of "no service," essentially killing the projects.

- 3) What is your assessment of future electric service needs in the broader Region?

Throughout the Coachella Valley, communities have the need for electric infrastructure which is essential in promoting system reliability and supporting prudent economic development.

Critical local electricity infrastructure in the Coachella Valley needs a major upgrade, repair, and expansion to improve safety, reliability, redundancy, and the economic viability of the valley.

Growth and development including the need for more affordable housing units cannot occur without additional substations.

- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?

a. What would be the optimal governance structure that meets your needs?

Local representation is critical to ensure the needs of the Coachella Valley are delivered. Likely the optimal structure would be a Municipal Utility District.

b. Is there a governance structure that you would not be able to support?

One that does not provide local representation and control.

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

Service needs and representation are the top priorities.

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:

a. Regulatory and Legal -

b. Distribution and Transmission -

c. Electric Generation -

d. Planning -

e. Financial, Administrative, and Customer Services -

f. Rates and Cost -

g. Reliability -

h. Other -

- 7) Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?

Critical local electricity infrastructure in the Coachella Valley needs a major upgrade, repair and expansion to improve safety, reliability, redundancy, and the economic viability of the Valley. The Imperial Irrigation District's (IID) rate structure is very low and not adequate to address these critical infrastructure needs. Rates must increase to improve and expand the necessary infrastructure in order to meet the future demands.

- 8) Do you have environmental concerns on current electric generation sources?

There needs to be a balance of sources. Clean and renewable sources should be utilized where practical and financially sensible.

Similar to the answer above: Critical local electricity infrastructure in the Coachella Valley is in need of upgrade, repair and expansion to improve safety, reliability, redundancy, and the economic viability of the Valley.

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing "X".
- a. Municipal utility - X
 - b. Private utility such as Southern California Edison or San Diego Gas & Electric
 - c. City or County run utility
 - d. No preference or other

- 10) How can the Coachella Valley advance their electric utility service?

Plan ahead and build modern infrastructure for the future.

- 11) What do you believe is the biggest challenge in the electric service industry at the moment?

Meeting State requirements, mandates for larger percentages of renewable generation, large infrastructure costs, and long lead times on project components/supplies.

- 12) How do you feel about your electric service rates for the level of service you receive?

The Imperial Irrigation District's (IID) rate structure is very low (over 60% below the rates of Southern California Edison) and not adequate to address these critical infrastructure needs.

- 13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

That there is an endless supply, and supply will meet growing demands. Conveying to existing residents/ratepayers the current critical situation, and the benefits of upgrades to them in the future, is crucial.

- 14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley? New technology should be properly incentivized and the grid design should utilize the latest technology to maximize efficiency and future expandability.



October 12, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by **November 4, 2022**.

Stakeholder Information:

Agency/Affiliation: Alianza Coachella Valley
Point of Contact: Nilda Ruiz
Email: nilda@alianzacv.org
Phone: 7602380467

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?
I'm not sure how to answer this question. Is it referring to how many watts we use per month? We get electricity services at our organization building. We do not pay for electric services, the City of Coachella does.
- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?
Affordable prices are the highest priority along with quality service.
- 3) What is your assessment of future electric service needs in the broader Region?
 - Upgrading and replacement
 - More energy demand as temperatures increase
 - Emergency systems in place for power outages
 - More dependent energy infrastructure
- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?
 - a. What would be the optimal governance structure that meets your needs?
There is representation of the Coachella Valley in the IID Board
 - b. Is there a governance structure that you would not be able to support?

- 5) What do you consider as “drivers” for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

Costs and needs would be some of the biggest drivers for potential change

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:

- a. Regulatory and Legal -
- b. Distribution and Transmission - Huge priority
- c. Electric Generation - Huge priority. As temperatures increase, there is more demand for energy to help cool down
- d. Planning - a Priority, especially as energy demands increase throughout the seasons
- e. Financial, Administrative, and Customer Services - I think IID does a good job here at financial, administrative and customer services.
- f. Rates and Cost - Highest priority.
- g. Reliability - High priority.
- h. Other -

- 7) Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?

I am not very confident the current electric service in the Coachella Valley is positioned for emerging industry trends. Currently, the ECV does not yet have a reliable electric grid. We constantly have to try to save energy during heat waves. I think that there will be some improvements in the next 5 to 10 years and remain optimistic but this work to improve the energy grid needs to be sooner than later.

- 8) Do you have environmental concerns on current electric generation sources?

I’m not entirely sure how IID creates their energy. I know some of it is geothermal which is great. However, if energy is generated through coal burning power plants, that is a major environmental concern. There needs to be a transition to fully renewable energy as quickly and safely as possible

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing “X”.

- a. Municipal utility (X)

- b. Private utility such as Southern California Edison or San Diego Gas & Electric
- c. City or County run utility
- d. No preference or other

10) How can the Coachella Valley advance their electric utility service?

A more reliable energy grid. There are power outages more often than there should be. Financial programs have been a benefit for those that need more affordable rates.

11) What do you believe is the biggest challenge in the electric service industry at the moment?

A stable and reliable energy grid during heat waves.

12) How do you feel about your electric service rates for the level of service you receive?

The city pays for the electric service rates at our building. We rent the area space so I think this question is not applicable to us.

As a community member of Coachella that receives electric service from IID, we found we have reliable access to electricity for the most part. The rates could be more affordable.

13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

Possibly who uses the most electric service and puts more stress on the energy grid (it is not low-income residents).

That there will always be energy available for customers, and programs spreading awareness of efficient energy use can help address that.

Maybe not so much a misconception as it is a question but where is the money collected from customers going into? Is it being used to upgrade infrastructure?

14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?



October 12, 2022

Alternative Governance and Electrical Services Study - Imperial Irrigation District

Dear Valued Stakeholder,

We are excited to kickoff and engage with each of you on this very important effort. To better understand your interests and perspectives on this matter, below is a questionnaire that we highly encourage your participation. Your input is extremely valuable and would appreciate your feedback by **November 23, 2022**.

Stakeholder Information:

Agency/Affiliation:	Indio, CA resident; IID power customer
Point of Contact:	Ken Sims
Email:	kwpalmandpine@gmail.com
Phone:	442-227-4545

Electrical Service Study Questionnaire:

- 1) What are your current electric service needs for residential, commercial, and/or industrial customers?

Current provisions by IID are good – our current needs are met. However, as flex-alerts (or whatever it is that IID calls them), suggest that demand can already peak beyond capacity. Demand will only increase with new development and more electrification (cars, and home heating and water heating) with state phasing-out of fossil fuels for them in the next 10-20 years.

- 2) What would you consider the highest priority in electric service for neighboring communities within the Coachella Valley?

I think the question refers to my town, Indio and others, as one of those “neighboring communities”. With that in-mind, my answer to Question 1 mostly covers this. But, here I will add that I know that in communities such as Indio, some folks are concerned about our limited representation within IID. So far, I don’t have a complaint that I can associate with that issue personally.

- 3) What is your assessment of future electric service needs in the broader Region?

Electrical demand will dramatically increase as homes and businesses move away from gasoline and natural gas as the state starts in 2030 to phase out the sale of natural gas space heaters, water heaters and then cars in 2035. New development will also add to the load.

- 4) What type of governance structure would you like to see for electric service in the Coachella Valley, if not the Imperial Irrigation District?

- a. What would be the optimal governance structure that meets your needs?

Public utility (like IID) but with better representation for Coachella Valley power customers. Again, I don't have much of a problem with IID's service, so I can't complain about the choices IID's governance has made. But, I do see it as potentially problematic that out-of-district power customers don't feel properly represented. However, it is already much better than it would be if we were dealing with a private power provider like Edison. (Edison customers don't have better representation!)

- b. Is there a governance structure that you would not be able to support?

Yes, private.

- 5) What do you consider as "drivers" for potential change in electric service and/or governance? Such as service needs, costs, representation, other?

Increasing demand ... capacity and stability of supply. Costs and rates.

Since the state is saying we want to do better re the environment and climate change (good); let's be honest about it. Will generation be green? Will storage be green, will batteries be green in their production and disposal/recycling? If individuals are on the line to pay the bill: buy new electric cars and replace batteries that don't hold up well in the desert heat; to retrofit our homes for electric heating and pay more per mile, more per BTU, for energy ... there's going to be a lot of scrutiny. If these transitions are greenwashed behind the scenes that will get called out. Tens of thousands of people paying tens of thousands of dollars on mandates to buy new hardware (cars, heaters, etc.) and more to use them are going to want those things not only to work, but to deliver on the promise of a greener future. They are going to look behind the curtain.

- 6) What area(s) of electric service are highest priority for you? Please provide feedback in the following areas:
- a. Regulatory and Legal -
 - b. Distribution and Transmission -
 - c. Electric Generation -
 - d. Planning -
 - e. Financial, Administrative, and Customer Services -
 - f. Rates and Cost -
 - g. Reliability -
 - h. Other – **All of the above, plus storage for green generation sources that do not reliably produce electricity 24/7/365.**

- 7) Do you believe the current electric service in the Coachella Valley is positioned for emerging industry trends, such as climate change, grid stress, reliability, and increased electrification? What do you predict will happen in the next 5 to 10 years?

No it can't be positioned for the future if we already get warned about current demand outstripping capacity. In 5-10 years demand will be dramatically increased given California's plans.

- 8) Do you have environmental concerns on current electric generation sources?

Maybe. I don't actually know how all IID sources electricity at this time. That may be public info., I just don't know it.

- 9) If electric service from the Imperial Irrigation District were to end, what type of electric service utility would you prefer? Please note by placing "X".

- a. **X** - Municipal utility
- b. Private utility such as Southern California Edison or San Diego Gas & Electric
- c. **X**- City or County run utility
- d. No preference or other

- 10) How can the Coachella Valley advance their electric utility service?

Planning for the future with increased demand.

- 11) What do you believe is the biggest challenge in the electric service industry at the moment?

At the moment it is okay – just a little reliability issue in summer's peak heat. The future will bring a huge increase in demand. That needs current attention!

- 12) How do you feel about your electric service rates for the level of service you receive?

I choke on my summer electric bill. But, we get by comfortably.

- 13) What are common misconceptions people have about electric service in Coachella Valley, and how might these misconceptions be addressed?

I'm not sure. (Maybe I've shown some misconceptions myself? Ha). I guess that IID power customers outside of IID's district, may be concerned about governance/representation. But, again, I think pointing out how our neighbors in the Valley - served by Edison - are probably less represented, might help in that regard.

I really don't understand why CVWD needed to agree to let IID serve folks like us in Indio. I didn't know that they did; and I didn't know we were about to face an expiration of such an agreement. This was the first I'd known of that. CVWD hasn't offered power service that I am aware of. Is CVWD prepared to tackle our power needs? If not, I don't think IID should need to submit to CVWD for agreement (or at least I don't understand why).

14) Is there anything we're leaving out that should be addressed for electric service in the Coachella Valley?

Well, this isn't limited to the Coachella Valley, but with the state's upcoming prohibitions on the sale of most fossil fuel powered hardware (cars, trucks, heaters, water heaters), I think private individuals need some help figuring out how they are going to manage the transition in terms of what will be required of them personally. I'm a little frightened. I wonder if I'm going to be able to afford it. The state's prohibitions don't amount to a plan. I haven't heard about a detailed plan that helps folks know where they (we) fit in.

We are clearly dealing with more heat and extreme weather events right here (things are worse in many places around the world). We need to change, but folks need to understand that they can (that they'll be able to) play their part and then get on with life. I am retired. Will I need to leave California, the Coachella Valley, Indio ... home? I don't want that! I do want to be part of the solution, but I'm not happy with communication re plans that might help give me some confidence that I will be able to take that part in terms of paying for it.



Mariela Loera <mloera@leadershipcounsel.org>

Public Comment in Response to the Appointment of At-Large Representative for CVEC

2 messages

Mariela Loera <mloera@leadershipcounsel.org>
To: CVECcomments@iid.com

Wed, Oct 6, 2021 at 1:57 PM

Residents from the communities of Mecca, North Shore, and Thermal have put together the following list of qualities that they would like to see in the person appointed as the at-large representative focusing on the unincorporated communities of Riverside County and Imperial County.

As the commission moves forward in the process of appointing this person they should take these into serious consideration given that the ask comes from people who will be directly represented. Additionally, it is important that there is a focus on the communities of Riverside County given that the purpose of this space is to bring representation to this region and address the unreliable and outdated electricity infrastructure.

Residents would like to see an individual that is a resident of the Eastern Coachella Valley and is able to relate and has shared lived experiences related to the lifestyle and experiences of those in their communities. The person should also be familiar with these communities including who they are and what their history and challenges have been. It is important that they are transparent, honest, accessible, bilingual, outspoken, and have the time, energy, and ability to fully participate and represent the needs of the community in the commission.

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Mariela Loera (she/her/hers)**Policy Advocate****Leadership Counsel for Justice and Accountability****Eastern Coachella Valley****85350 Bagdad Ave., Coachella, CA 92236****Office: (559) 721-5406 ext. 131****Cell: (760) 501 - 8033**

Gonzales, Rosa Maria <rmgonzales@iid.com>
To: Mariela Loera <mloera@leadershipcounsel.org>

Wed, Oct 6, 2021 at 1:58 PM

Good afternoon, Ms. Loera,

This confirms we received your comments. Thank you very much.



Rosa Maria Gonzales

Community & Business Liaison

81-600 Avenue 58, La Quinta, CA 92253 USA

Office: (760) 398-5812 | Mobile: (760) 898-1877

Email: rmgonzales@iid.com | Website: www.iid.com

From: Mariela Loera <mloera@leadershipcounsel.org>

Sent: Wednesday, October 6, 2021 1:57 PM

To: CVECComments <CVECComments@IID.com>

Subject: Public Comment in Response to the Appointment of At-Large Representative for CVEC

[CAUTION] This email originated from **outside** of the **IID**. Do not reply, click on any links or open any attachments unless you trust the sender and know the content is safe.

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Mariela Loera <mloera@leadershipcounsel.org>

CVEC Comment

3 messages

Mariela Loera <mloera@leadershipcounsel.org>
To: CVECcomments@iid.com

Thu, Oct 14, 2021 at 8:43 AM

The undersigned residents support the appointment of Shayra Rubi Hernandez and Nereida Montes as at-large representatives on the Coachella Valley Energy Commission. Both of these individuals closely fit the description given by residents in an earlier public comment quoted below.

“Residents would like to see an individual that is a resident of the Eastern Coachella Valley and is able to relate and has shared lived experiences related to the lifestyle and experiences of those in their communities. The person should also be familiar with these communities including who they are and what their history and challenges have been. It is important that they are transparent, honest, accessible, bilingual, outspoken, and have the time, energy, and ability to fully participate and represent the needs of the community in the commission.”

1. Luis Manuel Ceja, North Shore
2. Margarita Cambrona, North Shore
3. Yurema Arvizu, Coachella
4. Violeta Lopez, North Shore
5. Maria (Conchita) Pozar, North Shore
6. Antonio Silvia, North Shore
7. Norma Garcia de Silvia, North Shore
8. Bertha Estrada, North Shore
9. Jesus Estrada, North Shore
10. Patricia Leal-Gutierrez, North Shore
11. Yolanda Cisneros de Lopez, North Shore
12. Jose Manzo, North Shore
13. Josefina Julian, North Shore
14. Mario Bautista, North Shore
15. Ana Gonzalez, North Shore
16. Luis Zacarias, North Shore
17. Carolilna Macknight, North Shore
18. Elizabeth Jaime, North Shore
19. Lorenzo Rosales, North Shore
20. Raul Jaime Rio, North Shore
21. Maria Jaime, North Shore
22. Rita Gutierrez, North Shore
23. Blanca Barraza, North Shore
24. Maria D. Torres, North Shore
25. Eduardo Torres, North Shore
26. Sandra Ramirez, Coachella
27. Hermelinda Tejas, Thermal
28. Marisela Ortiz, North Shore
29. Juan Carlos Gutierrez, North Shore
30. Maria Vazquez, North Shore
31. Jesus Vazquez, North Shore
32. Salvador Ceja, North Shore
33. Ramón Zaragoza, Thermal
34. Elsa G. Mendoza Ceja, North Shore
35. Juan Ramon Biarco, North Shore
36. Ma Jesus Camacho de Biarco, North Shore
37. Karina Andalon, North Shore
38. Christian Mendez, Desert Shores
39. Isamar Gonzalez, North Shore
40. Fernandez Espinoza, North Shore

41. Lourdes Espinoza, North Shore
42. Carlos Espinoza, North Shore
43. Luis Mesa, North Shore
44. Celeste Alonso, La Quinta
45. Luis Alonso, La Quinta
46. Rafael Valadez, Coachella
47. Maggy Canizales, Indio
48. Manuel Canizales, Indio
49. Elizabeth Moreno, Coachella
50. Paul Hopkins, Vista Santa Rosa
51. Jessy Nuñez, La Quinta
52. Kerry Nuñez, La Quinta
53. Jaqueline Lopez, Indio
54. Jose Zavala, North Shore
55. Alejandra Rodriguez, Palm Desert
56. Maria Lopez, North Shore

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Mariela Loera (she/her/hers)

Policy Advocate

Leadership Counsel for Justice and Accountability

Eastern Coachella Valley

85350 Bagdad Ave., Coachella, CA 92236

Office: (559) 721-5406 ext. 131

Cell: (760) 501 - 8033

Mariela Loera <mloera@leadershipcounsel.org>
To: CVECComments@iid.com
Cc: Rebecca Zaragoza <rzaragoza@leadershipcounsel.org>

Mon, Nov 15, 2021 at 4:51 PM

To whom this may concern,

Here is an updated letter with additional resident sign-ons with a total of 95 signatures.

Thank you,

Mariela

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1649K

Gonzales, Rosa Maria <rmgonzales@iid.com>
To: Mariela Loera <mloera@leadershipcounsel.org>, CVECComments <CVECComments@iid.com>
Cc: Rebecca Zaragoza <rzaragoza@leadershipcounsel.org>

Mon, Nov 15, 2021 at 4:56 PM

Good afternoon,

Thank you very much.



Rosa Maria Gonzales

Community & Business Liaison

81-600 Avenue 58, La Quinta, CA 92253 USA

Office: (760) 398-5812 | Mobile: (760) 898-1877

Email: rmgonzales@iid.com | Website: www.iid.com

From: Mariela Loera <mloera@leadershipcounsel.org>

Sent: Monday, November 15, 2021 4:51 PM

To: CVECComments <CVECComments@IID.com>

Cc: Rebecca Zaragoza <rzaragoza@leadershipcounsel.org>

Subject: Re: CVEC Comment

[CAUTION] This email originated from **outside** of the **IID**. Do not reply, click on any links or open any attachments unless you trust the sender and know the content is safe.

[Quoted text hidden]



July 13, 2021

Imperial Irrigation District Board of Directors:
Board President James C. Hank - Division 3
Board Vice President J.B. Hamby - Division 2
Board Member Alex Cardenas - Division 1
Board Member Javier Gonzalez - Division 4
Board Member Norma Sierra Galindo - Division 5

Sent via Email

RE: Community concerns regarding representation on Imperial Irrigation District's Board of Directors and energy in the Eastern Coachella Valley

Dear members of the Board,

As residents of the Eastern Coachella Valley, we have experienced frequent power outages that affect our quality of life. Not only does our community already suffer from substandard housing and environmental conditions, but our infrastructure is also severely outdated, making it more vulnerable to the impacts of climate change and extreme weather events. We understand that part of the problem may not be as a result of Imperial Irrigation District's (IID) governance, but we do believe that your agency has the power and capacity to identify a path forward that's favourable and respectful of the communities in the Eastern Coachella Valley.

First, we request real representation on IID's board. As 60% of IID's ratepayers for electricity, we deserve to be properly represented on your Board with full voting and decision-making privileges and for the community to be able to inform the appointment of this seat. Ratepayers have the right to representation on IID's Board and this has been denied to them for decades. Adding a voting board member seat to IID Board would ensure ECV ratepayers have representation within IID.

Second, IID Board has raised concerns about impacts to their water rights as a result of adding a board member to represent Riverside County. As per Cal Wat Code § 21383, the minimum number of directors required to constitute a quorum of the board is three, as such, decisions about water rights would require meeting the minimum quorum. Adding an additional board member representing Riverside County does not indicate there would be impacts to IID's water rights. Based on the information we have gathered, there is no relevant case law that supports IID's concerns. If there is relevant case law the Board is basing their concerns on, we would like to know what it is so we can review.

Third, IID's proposed Coachella Valley Energy Commission (CVEC) does not fully satisfy the needs and demands from community members for representation and infrastructure upgrades. The composition of the proposed 14-member commission includes 7 positions that are IID Board members or directly appointed by Board members, as well as one from Imperial County - meaning that a minority of representatives would be accountable to the Coachella Valley. Furthermore, the Board has proposed implementing Section 19B of the 1934 Agreement of Compromise, which would allow the Board to charge Coachella Valley customers more than Imperial Valley ones, to fund the commission's operating expenses. Under IID's proposal, Coachella Valley residents would be the sole funders of a commission that would give majority representation to Imperial County - a fundamental inequity that does not adequately provide representation for or address the needs of Coachella Valley residents.

Additionally, IID has demonstrated a complete lack of commitment to a fair and transparent process, both in its opposition to AB 1021 and its proposal of the CVEC. By threatening to exit the Coachella Valley if AB 1021 passes, de facto forcing ratepayers to accept the CVEC proposal if they wish to continue their current energy services, IID has effectively sidelined rather than centered the ECV communities who would be affected by changes to IID's governance. It is not acceptable for IID to hold ratepayers hostage to its preferred governance structure, especially considering both the fact that the proposed CVEC disproportionately represents Imperial Valley and the bylaw process has been too fast to adequately allow time for public engagement. This extremely rushed process - with only 1 week between the proposal of and vote on the bylaws - leaves almost no opportunity for community input or engagement, especially since the proposed CVEC could result in higher rates for Coachella Valley ratepayers. IID's recent actions have illustrated a failure to engage its ratepayers in a significant proposed change to its governance structure in an open, fully accountable manner.

Last, for years the electrical power grid in the ECV, and rural communities in general, has failed to provide reliable energy service to its customers. Extreme weather events have become more common, often exacerbated by climate change. These have caused significant damage to the existing power grid in the region, such as downed transmission lines due to strong winds and rainstorms. When this happens, residents go days without electricity, losing food, access to critical medical equipment, access to educational resources, among other issues that deny the safety of constituents. This happens several times throughout the year and we expect this to continue in the following decades. IID should commit to critical infrastructure upgrades to ensure community safety and an energy system that is climate resilient.

We strongly urge IID to renew its commitment to an open and accountable process, slowing down the bylaw process to adequately address the needs of community for representation, and to commit to climate resilient upgrades to its infrastructure system to address climate-related power outages.

Signed,

Erika Castellanos, Mecca	Evelyn Sofia Rivera, Indio
Arturo Castellanos, Mecca	Jose Manzo, North Shore
Polette Zavala, Coachella	Adriana Torres, North Shore
Odalys Beltran, Coachella	Karina Hernandez, North Shore
Jose Ceja, North Shore	Marina Beltran, Indio
Danny Torres, Coachella	Berenice Venegas, Mecca
Yolanda Moreno, Mecca	Jorge Gomez, Coachella
Maria Pozar, North Shore	Maria Jose Rodriguez, Coachella
Yesenia Pozar, North Shore	Martin Posada Espinoza, Coachella
Natividad Gonzalesz, North Shore	Clara Nieblas, Coachella
Karina Villalpando, Coachella	Andres Lucero, Coachella
Julie Serrato, Mecca	Baltazar Aguirre Jr., Coachella
Angel Gonzalez, Mecca	Jessica Serrato, Mecca
Noemi Aguilar, Mecca	Steven Andrade, Coachella
Marcos Magana, Thermal	Migdalia N. Sanchez, Coachella
Andrea Gomez, Indio	Christian Mendez, Desert Shores
Jesenia Pineda, Mecca	Janet Zepeda, Indio
Miguel Gudiño, Indio	Venessa Becerra, Indio
Adrianna Rivera, Indio	Karina Lizeth Andalon, Coachella
Adriana Hernández, Coachella	Patricia Leal-G, North Shore
Imelda Rios, Calipatria	Vanessa Moreno, Coachella



March 8, 2022

Sent Via Email

Imperial Irrigation District's Coachella Valley Energy Commission

President James C. Hanks

Vice President J.B. Hamby

Chairman Darrell Mike

Cities Vice-Chairman Linda Evans

Tribal Nations/Counties Vice-Chairman

Joseph Mirelez

Commissioner Waymond Fermon

Commissioner Richard Balocco

Commissioner La Voc Jaksch

Commissioner Gloria Fernandez

Commissioner Steven Hernadez

RE: Energy Infrastructure and Representation for the Eastern Coachella Valley

Dear President, Vice President, Chairman, Vice-Chairman, and Commission at-large,

As expressed by residents from the Eastern Coachella Valley (ECV) on multiple occasions and in multiple forms, the short-term and long-term impacts of the multi-day power outages like the two experienced last year makes power infrastructure upgrades in these communities an urgent matter.

We ask that the unique situation of the unincorporated communities in the ECV in terms of representation and history with power outages be specially considered in future endeavors and conversations related to the matter. This is especially important as the Imperial Irrigation District (IID) seeks funding for energy infrastructure upgrades and develops a budget plan for next year, as well as, when IID's Coachella Valley Energy Commission (CVEC) discusses the future of Riverside County's resident's energy service and representation.

Local Agency Formation Commissions (LAFCO) Study

We understand that LAFCo is currently working to develop a study to address the representation issues with IID, as intended by AB 1021. We urge CVEC and IID to align their efforts to those of the LAFCO study given that the purpose of these two processes is relatively similar as described below and responds directly to an issue raised by community residents in the ECV.

As described in Governors Newsome's veto letter:

*“The 2021 Budget Act included \$500,000 from the General Fund to finance such a study. Imperial Irrigation District's electric service in the Coachella Valley is part of a 99-year lease that will reach its full term in 2033. It is valuable to invest the proper resources, time, and stakeholder engagement into **studying the complex impacts of the Imperial Irrigation District's impending electrical service agreement expiration. This study should include any options to ensure that the local communities currently served may continue to receive energy service, as well as opportunities to give energy customers a voice.**”*

As described in the CVEC's bylaws:

*“2.02. PURPOSE. The Commission is formed for the purpose of providing direct, immediate, and diverse local representation by Coachella Valley energy stakeholders for the unique energy needs of the greater Coachella Valley portion of the IID energy service area and to **develop a long-term strategic plan for continued energy service to the Coachella Valley following the 2033 expiration of the 99-year lease provision.***

2.03. TRANSITIONARY BODY. The Commission will provide the link between existing service and governance as provided in the Agreement of Compromise and the permanent service and governance option formed collaboratively and cooperatively between the IID and Coachella Valley stakeholders represented through the Commission ”

We request for this information to be discussed, including updates on the timeline, current actions, challenges, and success that the group is aware of with the general public. We suggest adding a standing item to the CVEC agendas where these updates and information can be shared.

Additionally, we ask that as future options for representation for Riverside County residents are being discussed it is taken into consideration that the unincorporated communities require more equitable representation given the level of impacts experienced in this region specifically. It is important to ensure that these communities have more appropriate resident representation beyond an overarching county representative or at-large representative. In other spaces, we typically see representation for these communities as one representative for the communities of North Shore and Mecca and another for the communities of Oasis and Thermal.

Energy Infrastructure Funding

Given the impact of the increasing consistency of power outages in the ECV, it is important to keep these communities updated on the actions IID is taking to ensure energy infrastructure upgrades in a timely manner. Keeping community members informed and engaged helps IID

have a more comprehensive understanding of the needs and impacts of the community experience on the ground as well as increase public trust in IID as an agency.

We are aware that IID has applied to FEMA's Building Resilient Infrastructure and Communities grant, however, we urge IID to be actively seeking other forms of funding. For example, this is a great opportunity to work in collaboration with Riverside County as they determine allocations of their American Rescue Plan Act funds and identify the feasibility of these supporting energy infrastructure upgrades for the ECV through matching funds or other allocations.

Additionally, it is important to know what other actions IID is taking to ensure that ECV's energy infrastructure is upgraded in a timely matter. We suggest that there be a standing item on the CVEC agendas where updates on infrastructure funding and related information are provided.

Emergency Plan Updates

As it was made evident in the power outage the community of North Shore experienced in August and September of 2021, there is a great need for an emergency plan. This was acknowledged and discussed during the North Shore community meeting in November hosted by Riverside County and IID. During that meeting, it appeared that both the county and IID were aware of all the suggestions the community made for future emergency situations and were willing to implement those into the plan.

Given the extreme climate events in the region and summer months approaching, the community is on constant alert of similar situations occurring. We ask that the emergency plan follow a public review process in order to allow space for community and stakeholder input and provide updates to the community on the progress of the plan.

Additionally, if any emergency preparation guidelines exist it is important to make these available and accessible to ECV residents. For example, the "Emergency Checklist" document on IID's website is not accessible to the community for multiple reasons. We suggest that this and other materials be made available in English, Spanish, and Purepecha given that these are the primary languages spoken in the community. Given that the majority of residents do not know these resources exist on the website, are not actively looking for resources on the website, and might not have access to the internet, we urge CVEC and IID to develop a public awareness campaign to help distribute these resources via other tactics. The community has directly shared that having a physical form of these resources in key community locations like local markets and community centers is a good and accessible tactic.

* * * * *

Again, we appreciate the work that CVEC has done to address this issue so far, but continue to stress the importance of taking into consideration the unique and urgent situation of the communities in the ECV in terms of representation and energy infrastructure needs. We continue to offer our support to collaborate on finding meaningful solutions that will best support the ECV region.

Sincerely,

Mariela Loera
Policy Advocate
Leadership Counsel for Justice and Accountability

CC:

Enrique Martinez
General Manager
Imperial Irrigation District

Marilyn Del Bosque Gilbert
Energy Manager
Imperial Irrigation District

Energy Consumer Advisory Committee
Imperial Irrigation District

Bruce Barton
Director
County of Riverside Emergency Management Department

Supervisor V. Manuel Perez
Riverside County, Fourth District

Imperial Irrigation District Board of Directors:
Board President James C. Hank - Division 3
Board Vice President J.B. Hamby - Division 2
Board Member Alex Cardenas - Division 1
Board Member Javier Gonzalez - Division 4
Board Member Norma Sierra Galindo - Division 5

APPENDIX D: PUBLIC COMMENT LETTERS AND RESPONSE TO COMMENTS



Riverside and Imperial LAFCO's have received the following comment letters in response to the March 2023 Draft Alternative Governance and Electricity Services Study – Imperial Irrigation District. A copy of each comment letter received can be found in Attachment A. The following is a brief overview of the comment letters received.

- August 8, 2023 from the Coachella Valley Water District. Requesting additional time be granted to identify an overall recommendation that is the most cost-effective and efficient implementation scenario.
- August 3, 2023 from the Electric Ratepayer Alliance. Requesting that a financial impact analysis of each option under consideration be conducted.
- August 30, 2023 from the Imperial Irrigation District. Providing clarifying comments in regard to their existing customer service programs, the 1934 Agreement of Compromise, Legal complexities associated with alternatives under consideration. Suggesting that a cost analysis effort is beyond the scope of the original LAFCO effort and should be conducted after a consensus-based alternative and corresponding service responsibilities are defined.
- August 23, 2023 from the Coachella Valley Energy Commission. Requesting a supplemental financial analysis and extension of the public comment period to October 15, 2023.
- August 30, 2023 from the City of La Quinta. Requesting additional time be granted to identify an overall recommendation that is the most cost-effective and efficient implementation scenario.
- August 30, 2023 from the County of Riverside. Providing suggested guiding principles with respect to governance, system reliability, cost-efficient services, and accommodating future growth equitably. Requesting a supplemental financial analysis to include certain information by jurisdiction.

Riverside and Imperial LAFCO's appreciate the level of stakeholder engagement throughout the study process; including consensus-based solutions for the Coachella Valley service territory. The Riverside and Imperial LAFCO's would like to thank those that have submitted a comment letter.

Below are responses to address the following comment letter overarching themes:

- 1) Riverside and Imperial LAFCO's did not fulfill the required scope of work.
- 2) An overall recommendation is not provided in the draft Study.
- 3) A supplemental financial analysis is required.
- 4) The public comment period needs to be extended.

1) Riverside and Imperial LAFCOs did not fulfill the required scope of work.

Response:

Riverside and Imperial LAFCO's have determined that the comments received on this topic have misinterpreted the required scope of work indicated in the grant funding agreement and the professional services agreement with Dopudja & Wells Consulting. The scope of services clearly indicates that the effort *"should utilize currently available information rather than initiate new analysis"*. While Riverside and Imperial LAFCO's understand the desire for more financial analysis, it was not necessary for evaluation of

cost-effectiveness under this scope of work. As further outlined below, Riverside and Imperial LAFCO recommend that the desired financial analysis be performed once the participants make the necessary policy decisions.

Background:

In May 2022, the Riverside and Imperial LAFCO's entered into a study grant funding agreement with the State Water Resources Control Board in response to legislation introduced by former-Assembly Member Chad Mayes to conduct a study to evaluate alternative governance structures and alternative electricity services provided by the Imperial Irrigation District. In August 2022, a professional services agreement was executed between the Riverside LAFCO and Dopudja & Wells Consulting to analyze and prepare the "Alternative Governance Structures and Alternative Electricity Service Provision – Imperial Irrigation District" study report (Study).

The Scope of Services per Exhibit A of the August 2022 professional services agreement with Dopudja & Wells required the consultant to review the current conditions relative to the electricity service provisions by the Imperial Irrigation District and address two requirements: Options for providing continued electricity services, and options for alternative governance structures for Coachella Valley customers. According to the agreement, the consultant was expected to address the two requirements in a cost-effective manner, utilize the information that is currently available rather than initiate new analyses, conduct the analysis in a collaborative fashion with opportunities for input and review by stakeholders, create a product that will assist with making conclusions and decisions regarding the recommendations, and have all work products readily accessible and easily understandably by the general public. It is the opinion of the Riverside and Imperial LAFCO's that all requirements have been met by the consultant and that no new financial or technical analyses were required. If such studies and associated information were available, the Study effort would still not be responsible for producing a new financial analysis and would have used the information to validate the final recommendations as being the most cost-effective and efficient implementation scenario for further consideration, as required by the scope of work.

In August 2022, the consultant initiated Task 2 - Information Collection and Verification effort. This task was to gather and obtain all existing and available information. In preparation, the consultant submitted a list of data requests seeking to collect enough information to construct the Study objectives prior to conducting outreach. In September 2022, the consultant commenced stakeholder outreach and was to conclude by November 2022 in order to meet project scheduling requirements. This work actually concluded in February 2023 after conducting eleven interviews with individual stakeholders. By the time outreach was complete, little to no operational or financial information was provided to the consultant and several stakeholder contacts were still outstanding. In response to stakeholder availability and limited information received, the Riverside and Imperial LAFCO's agreed to extend stakeholder outreach to February 2023 in an attempt to help facilitate and guide the Study's approach and overall determination of alternatives under potential consideration. Eleven stakeholder interviews were held over the course of the outreach period.

In January 2023, Task 3 – Administrative/Agency Draft Study Report was initiated to start the development of the draft Study. It was the opinion of the Riverside and Imperial LAFCO's that the overall objective of the draft Study was accomplished and; although general, the draft Study did include a discussion of general capital requirements and a rate comparison to alternative service providers. In response to the limited amount of data made available, the approach taken by the consultant was focused exclusively from input received by stakeholders to help prioritize alternative options for further consideration. Ranking of the alternative options was performed by determining the extent each of the seventeen

foundational objectives are addressed. Those alternatives which addressed the most foundational objectives were then prioritized as the top recommendations.

The two alternative options with the highest ranking included:

- Option 1.D: Joint Powers Authority
- Option 2.B: Form a New Utility District

2) An overall recommendation is not provided in the draft Study.

Response:

Riverside and Imperial LAFCO's agree that the draft Study does not conclude with an overall recommendation. The final Study will identify an overall recommendation for the most cost-effective and efficient implementation scenario of the alternative options under consideration.

Background:

According to Task 3 – Administrative/Agency Draft Study Report requirements, the Study shall synthesize the analysis into an overall recommendation for the most cost-effective and efficient implementation scenario. The LAFCO's agree that the draft Study does not conclude with an overall recommendation, instead identifies the following foundational objectives as most important among the stakeholders when considering further evaluation of each proposed alternative option:

- A Governance Structure Uncomplicated to Implement
- Ability to Achieve Vertically Integrated Utility Status
- Ability to Adapt to Future Changes and Responsibilities

When comparing the above foundational objectives against the alternative options ranked highest, the reader will need to determine the importance of each previously mentioned objective in regard to future electrical service provisions for the Coachella Valley service territory. If the desire among Coachella Valley stakeholders is to pursue an alternative option that is efficient to implement, flexible and adaptable going forward, then Option 1.D should be further developed and pursued. The intent of structuring the draft Study this way was to assist with ongoing stakeholder collaboration, as each member continues to identify and determine their local and regional priorities prior to concluding which alternative option is financially sustainable.

The final Study will include an overall recommendation by identifying the most cost-effective and efficient implementation scenario. Identifying the most cost-effective and efficient implementation scenario will be based on the information provided to-date and supplemental information provided on September 7, 2023, from IID and their financial consultant. The extent of validation will assume that each of the two previously mentioned recommendations (Option 1.D and 2.B) provide an alternative governance opportunity but offer varying degrees of flexibility in service responsibilities. The extent of service responsibilities will be the key criteria used when determining cost-effectiveness and efficient implementation. Any additional financial evaluations beyond what has been described are beyond the scope of services.

3) A supplemental financial analysis is required.

Response:

Refer to comment 1 response and summary below regarding this topic. It's apparent that the Coachella Valley parties have made significant progress over the years and must acknowledge that Coachella Valley Energy Commission (CVEC) has promoted collaboration and has been effective at advancing development on this issue. Despite the progress that has been made, there are still several key determinations needing to be addressed in order to advance discussion and conduct further financial and technical evaluations. A summary of outstanding policy and key determinations is provided below and summarized in Table 1 at the end of this letter on page 6.

Background:

The parties must acknowledge that little to no information is available from IID on assets and capital improvements exclusive to the Coachella Valley service territory. At the July 27, 2023 CVEC meeting, it was discussed that IID had information that could support further evaluations for the Coachella Valley territory. In response to this notice, the consultant scheduled a review meeting with IID and their cost of service consultant to review the latest effort and help assist with validating the draft Study's recommendations. A review meeting was held on September 7, 2023. At the meeting it was evident that IID has little to no disaggregated data separately available for the Coachella Valley service territory. All assessments performed by IID are done as a "integrated-whole" and not broken down by jurisdiction. Information on asset inventory and capital planning is not segregated by jurisdiction. IID was able to provide limited customer data summarized by jurisdiction. The data received by IID can be found in Attachment B. Since data exclusive to the Coachella Valley service territory is not available from IID, the parties need to determine how such information can be generated to support further financial and/or technical evaluations.

To date, it's apparent that several key determinations are still required prior to initiating any future financial or technical evaluations. Any such evaluations performed at the moment will largely depend on broad assumptions which would lack the requisite precision and would likely continue to result in inconclusive outcomes. To produce an analysis that can clearly weigh benefits, risks and corresponding rate impacts, the following determinations, at a minimum, must be made. Based on the observation of the Riverside and Imperial LAFCO's, the following items appear to be fundamental prior to conducting any further evaluations.

Summary of policy and key determinations needing to be addressed by Coachella Valley Parties:

- It's unclear if members would like to pursue an alternative option with IID continuing to provide some degree of electrical services. Determining each member's interest in changing from IID provision of full electrical service to any other alternative would be fundamental to understanding potential financial and rate impacts.
- If a consensus-based alternative is not feasible among all parties, identifying each party's preference for either a JPA or new utility district will be necessary to assess financing and revenue requirements.
 - o To note, existing IID policy does not include funding for un-committed customer driven growth-related projects, i.e. substations, line extensions, etc.. Under the JPA membership, the parties might need to consider establishing a financing authority, or

similar revenue mechanism if growth related projects are desired to be funded differently than current IID policy and/or adopted rates.

- The parties should also determine membership eligibility and enabling legislation needs to prohibit a member's ability to join any alternative option under consideration. Existing legislation prohibits certain public districts from owning and operating electrical assets.
- The parties will need to understand the associated investments of IID and CVWD upon the termination of leased power rights under the Agreement of Compromise, including each party's respective legal and equitable rights in said power rights, works and facilities on or in connection with the All-American Canal. Over the course of developing the draft Study, a number of discussions were held around this topic with no clear or consistent indication of outcome. It would be crucial to understand the potential impact this could have on IID and/or the proposed successor utility.
- The parties should obtain an opinion on asset disposition and/or associated cost to potentially acquire existing assets from IID. Through the course of this effort, it was not apparent if existing assets would be made available, or at what price. To note, limited information is available from IID on existing/planned assets for the Coachella Valley territory and the parties will likely need to obtain this information from other sources, e.g. conducting a comprehensive assessment and inventory of assets, before further analysis is performed. As stated earlier, performing a financial evaluation prior to obtaining this information will depend largely on broad assumptions and could result in significant unforeseen financial impact to members pursuing an alternative option with service responsibility.
- To identify unforeseen risk potentials with the forming and operating a new utility, it's advisable that a risk assessment be performed to understand potential market drivers, trends, mandates, and requirements for low-income areas. All items carry a degree of uncertainty and must be quantified in order to determine cost mitigation efforts if such items were to be realized. For example, a few of these items are captured in IIDs Energy Cost Adjustment (ECA) charge.
- To aid in the assessment and decision-making process, it's advisable that the parties develop general debt policy guidelines to identify limits, obligations, and associated risk mitigation measures for uncertain market drivers and customer demands. These guidelines will assist with issuing, managing, and adhering to affordability standards for the proposed alternative option under consideration. This could also assist with balancing obligations associated with asset acquisitions, associated rehabilitation and replacement projects, and new capital investment planning.

It should be noted that IID is underway with technical and financial evaluations as part of their 2023 cost-of-service effort. Summary findings provided by IID are included in Attachment C. Depending on the outcome of the above determinations, the parties could potentially consider opportunities with IID and the current cost of service effort to identify a solution beneficial to the entire service territory. The technical work appears to be complete and IID is evaluating rate structure strategies and policy before potential Board consideration.

4) The public comment period needs to be extended.

Response:

As a result of comments received, the Riverside and Imperial LAFCO's have agreed to extend the public comment period from August 30, 2023 to October 15, 2023. We respectfully request that the parties continue collaborative efforts to ensure a successful next phase in the decision making process. Additional comments are to be submitted to the Riverside and Imperial LAFCO's. At the completion of the extended public comment period, that final Study will be produced, addressing the comments received and submitted by November 30, 2023.

In summary, Table 1 was developed to compare the two alternative options ranked highest in the draft Study against the outstanding items needing to be addressed before further assessment can be performed. The comparison provides a general indication of each option's cost effectiveness and implementation complexity. When comparing the top two alternatives shown in Table 1, Option 1.D: Joint Powers Authority provides an alternative governance structure and ***assumes no ownership or operation of electrical assets.***

Table 1: Items Needing to be Addressed Depending on the Alternative Governance Option Desired by Coachella Valley Parties.

Outstanding Items to be Addressed Prior to Conducting Further Assessments on Alternative Energy Service Options for the Coachella Valley Service Territory	Top Ranked Alternative Options	
	Option 1.D: Joint Powers Authority	Option 2.B: Form a New Utility District
Identify preferred governance alternative	Required	Required
Determine enabling legislation requirements	Required	Required
Establish service territory	Not Required	Required
Obtain opinion on disposition of assets	Not Required	Required
Perform asset inventory 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

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

List of Attachments

Attachment A: Public Comment Letters

Attachment B: Data Received from Imperial Irrigation District

Attachment C: Imperial Irrigation District 2023 Cost-of-Service Effort

Date: November 17, 2023

Subject: Response to Public Comments for the Alternative Governance and Electricity Services Study – Imperial Irrigation District

The following is a summary of public comments received in response to the March 2023 Draft Alternative Governance and Electricity Services Study – Imperial Irrigation District. The public review period commenced on March 31, 2023 and extended to October 15, 2023. A total of 13 comment letters were received. Below is a summary of response to comments received during the public review period.

1. August 3, 2023 from the Electric Ratepayer Alliance. Requesting that a financial impact analysis of each option under consideration be conducted.
 - a. Request for financial evaluation – no financial evaluations currently exist and little to no financial information is available from IID for the Coachella Valley service territory. In addition, developing a financial evaluation was not part of the scope of work. Additional information can be found in LAFCO's response letter dated September 19, 2023. Financial information provided by IID is included in the study appendices.
 - b. Provided guiding principles on efficient resource allocation, financial independence and stabilization, improvements of service, and economic prosperity – information was used to update the foundational objectives per Section 6 of the study.
2. August 8, 2023 from the Coachella Valley Water District. Requesting additional time be granted to identify an overall recommendation that is the most cost-effective and efficient implementation scenario.
 - a. Request for a financial evaluation – refer to response 1.a.
 - b. Request to extend the public comment period – public comment period was extended from August 31, 2023 to October 15, 2023.
3. August 23, 2023 from the Coachella Valley Energy Commission. Requesting a supplemental financial analysis and extension of the public comment period to October 15, 2023.
 - a. Request for financial evaluation – refer to response 1.a.
 - b. Request to extend the public comment period – public comment period was extended from August 31, 2023 to October 15, 2023.
4. August 30, 2023 from the Imperial Irrigation District. Providing clarifying comments in regard to their existing customer service programs, the 1934 Agreement of Compromise, Legal complexities associated with alternatives under consideration. Suggesting that a cost analysis effort is beyond the scope of the original LAFCO effort and should be conducted after a consensus-based alternative and corresponding service responsibilities are defined.
 - a. Provided clarifying comments regarding the Agreement of Compromise and Lease of Power Rights – the study was updated to correct the terms and conditions of the Lease of Power Rights.
 - b. Requested procedural and formation information related to Joint Powers Authority and membership eligibility – formation guidelines and clarifications were added to Section 5 of the study.
5. August 30, 2023 from the City of La Quinta. Requesting additional time be granted to identify an overall recommendation that is the most cost-effective and efficient implementation scenario.
 - a. Request for financial evaluation – refer to response 1.a.
 - b. Request to extend the public comment period – public comment period was extended from August 31, 2023 to October 15, 2023.

- c. Provided guiding principles on maintenance, upgrading, and proactive funding and implementation of sub-stations – information was used to update the foundational objectives per Section 6 of the study.
- 6. August 30, 2023 from the County of Riverside. Providing suggested guiding principles with respect to governance, system reliability, cost-efficient services, and accommodating future growth equitably. Requesting a supplemental financial analysis to include certain information by jurisdiction.
 - a. Request for financial evaluation – refer to response 1.a.
 - b. Provided guiding principles on governance, reliable electricity, cost-effectiveness, planning and funding for future growth, and operational flexibility – information was used to update the foundational objectives per Section 6 of the study.
- 7. October 3, 2023 from Leadership Counsel for Justice and Accountability. Indicating the need for ongoing residential customer engagement, addressing unique priorities of East Coachella Valley, and identifying potential barriers to the formation of a Joint Powers Authority.
 - a. Include recommendations for ongoing residential customer engagement – The study agrees that ongoing customer engagement will be critical as stakeholders advance any of the proposed alternative options and was identified in Section 7 as critical next steps.
 - b. Study must address and outline the unique priorities of East Coachella Valley - Information received from stakeholders during outreach was utilized to develop and define the established foundational objectives provided in Section 6 to assist with prioritizing the alternative options.
 - c. Discuss potential barriers to the formation of a Joint Powers Authority - additional information has been provided in Section 5, ultimate governance and control of the JPA will be dependent on the service responsibilities separate from IID and legal advisement on “common powers rule” should be pursued for this special circumstance, when service is provided outside of the underlying utilities jurisdiction.
- 8. October 5, 2023 from the City of Indio. Providing input on the proposed alternative governance and service options and request for financial considerations.
 - a. Request for financial evaluation – refer to response 1.a.
- 9. October 12, 2023 from the City of Coachella. Providing input on the proposed alternative governance and service options and comments on the draft study.
 - a. Included comments throughout the study – refer to the attached comment long table for additional details and responses.
 - b. Clarified that California Public Utilities Commission (CPUC) policies and procedures are not an option – no action taken and the study addresses this per Section 5. CPUC policies and rate payer participation only under an Investor-Owned Utility.
 - c. Request for identifying key determinations and next steps – the study has been updated and includes key determinations and policies that stakeholders will need to address prior to performing additional technical and financial evaluations.
 - d. Request for financial evaluation – refer to response 1.a.
 - e. Request to include asset information, budgets, and financial information specific to the Coachella Valley - refer to response 1.a.
 - f. Municipalization must be analyzed as a standalone alternative – additional clarification was provided in Section 5 of the study, outlining the various publicly owned utility models. Municipalization is not analyzed separately and remains grouped under the publicly owned utility models.

- g. Provided clarifying comments regarding the Agreement of Compromise and Lease of Power Rights – the study was updated to correct the terms and conditions of the Lease of Power Rights.
 - h. Request for legal review of governance law interpretation of the Agreement of Compromise – the study identified this need per Section 7. Legal review of the Agreement of Compromise is outside the scope of this effort.
 - i. Provide specific utility examples – additional reference utilities have been provided in Section 5 of the study.
 - j. Provide clarifications regarding a Joint Powers Authority governing body - additional information has been provided in Section 5, ultimate governance, and control of the JPA will be dependent on the service responsibilities separate from IID and legal advisement on “common powers rule” should be pursued for this special circumstance, when service is provided outside of the underlying utilities jurisdiction.
 - k. Clarify the Indio and IID Joint Powers Authority agreement – clarification has been provided identifying that it is a financing mechanism for growth related electrical projects.
 - l. Provide additional clarifications regarding alternative option 2.B and 2.C – Section 6 was clarified to identify option 2.B as a new publicly owned utility with specific services and/or geographic area; option 2.C proposes a vertically integrated utility that would provide service to Coachella Valley independent of IID.
 - m. Clarify legal formation requirements for a Community Choice Aggregation under Public Utilities Code 331.1, which allows for a CCA to form if be serviced outside of the underlying service providers jurisdiction – after reviewing the Public Utilities Code 331.1, it is unclear if the code authorizes formation if serviced outside of the underlying service providers jurisdiction. Stakeholders should seek legal advisement on code interpretation. This item has been identified as a next step in Section 7 of the study.
10. October 13, 2023 from the Coachella Valley Energy Commission. Providing input on the proposed alternative governance and service options under consideration. Requesting additional information regarding policies and procedures for implementing a Joint Powers Authority and Municipal Utility District and criteria to help aid with determining cost-effectiveness and efficient implementation.
- a. Provided clarifications on service area responsibilities for municipal utility district and public utility districts – clarifications were made and additional information provided in Section 5 of the study.
 - b. Provided input on challenges associated with options requiring popular vote for selecting officials – clarification has been added to Section 5 of the study.
 - c. Request for additional policies and procedures associated with implementing a Joint Powers Authority and Municipal Utility District – policies and formation procedures has been added to Section 5 of the study.
 - d. Request to added criteria for determining cost-effectiveness and efficient implementation – the executive summary includes preliminary criteria based on stakeholder feedback regarding cost-effectiveness. Stakeholders will need to redefine this criteria if electrical service responsibilities are desired for the proposed entity.
11. October 13, 2023 from the Twenty-Nine Palms Band of Mission Indians. Providing input on the proposed alternative governance and service options under consideration, background information, financial information, and clarifications on Tribal participation in energy provisions.
- a. Provided background and information on Tribal participation to become a generation partner with dedicated financing opportunities with the Department of Finance – Additional information was provided in Section 5 and associated foundational objectives

were updated in Section 6 to reflect desire of promoting local generation partnerships. Reference to dedicated funding opportunities was included.

- b. Clarify how Tribal nations will be impacted – no action taken. Stakeholders will need to address the key determinations outlined in Section 7 prior to assessing local benefit and risk assessments for the selected alternative.
- 12. October 15, 2023 from a customer located in the County of Riverside. Providing input on the proposed alternative governance and service options under consideration.
 - a. No action necessary.
 - 13. October 15, 2023 from a customer located in the County of Riverside. Providing input on the proposed alternative governance and service options under consideration.
 - a. No action necessary.

August 3rd, 2023

LAFCO

Re: Public Comment on Draft Study Report dated March 2023 entitled "Alternative Governance and Electricity Service Study – Imperial Irrigation District"

Dear Gentilepersons:

The Electric Ratepayers Alliance (ERA) is a non-profit organization formed in 2016 as a California Mutual Benefit Corporation. ERA's mission is to promote verifiably clean, local energy sources and programs that save consumers money, while building a resilient community grid to replace aging grid systems. ERA continues to advocate for all electric ratepayers across California, to achieve the ultimate goal of fueling our world with clean, dependable, localized energy. ERA members include, among others, leaders in the renewable energy industry, as well as non-profit entities with expertise in the renewable energy sector and consumer advocacy. The members of ERA seek to ensure that all ratepayers enjoy barrier-free access to affordable, sustainable, localized power, while promoting the common business interests of renewable power entities and affiliated industries.

ERA has reviewed the Draft Study Report dated March 2023, which is titled "Alternative Governance and Electricity Service Study – Imperial Irrigation District" (referred to herein as the "Draft Study Report" or simply as the "Report.") That Report discusses various options for potential alternative electrical service governance structures for the IID's extended service territory in the Coachella Valley. One of those options, which is described in the Report as Option 2.B, is to "form a new utility district with specific roles." For the reasons discussed below, ERA believes Option 2.B is the best path forward both to accomplish the objectives described in the Report, and to further the best interests of the ratepayers in the Coachella Valley.

1. Governance and Representation: Option 2.B allows for the creation of a new, localized governance structure that allows for local representation and decision-making power. A newly created local district would provide a stronger voice for ratepayers and consist of responsive leadership as compared to the current representation by the existing utility model in Eastern Riverside County. It maximizes public involvement and local control of assets, which results in efficient use of public resources, more meaningful oversight, and makes the system more representative and adaptable to the fundamental energy needs of the local constituency.

A new utility district, focused solely on Eastern Riverside County, naturally provides for greater local representation and local control. This blueprint is preferable to a competing model that services a broader area and varying interests. The Draft Study Report specifically identifies this as a top priority, regardless of the structure chosen.

Seeking to ensure all ratepayers enjoy barrier-free access to affordable, sustainable, localized power, while promoting the common business interests of renewable power entities and affiliated industries.

2. Elimination of Existing Issues/Mitigation of Future Issues: Establishing a new utility district for Eastern Riverside County would allow local representatives to develop and implement energy policies that better align with the local ratepayers' values and needs. These values and objectives include, but are not limited to: system reliability (the avoidance of frequent/prolonged outages); affordable, reliable electricity (which means a durable, updated infrastructure); accommodation for growth (both commercial and residential development); meeting renewable energy goals set by the state and federal government for the future of the local residents and ratepayers; managing funding of capital improvements; supporting local power program offerings for alternative and independent sources of energy such as wind, water and solar; managing rates and maintaining affordability; and maintaining the efficient use of public resources.

Maintaining the status quo not only fails to achieve these stated goals, but also will lead to further degradation of infrastructure as well as increased rates for the local residents and the suppression of development and growth. The existing structure has not provided a clear path out of the bleak economic predicament that Eastern Riverside County faces, which has resulted from a decaying infrastructure and climbing electricity rates. Maintaining the status quo, through which these problems arose, is far more likely to worsen the issues than to resolve them.

3. Advisory Role and Efficient Resource Allocation: The formation of a new utility district allows for more focused energy resource allocation through customized planning and implementation processes driven by local needs and priorities. A separate, publicly owned district, governed by a flexible structure, can better manage, and allocate energy resources specific to its region, ensuring that the needs of local ratepayers are met more effectively, efficiently, and financially.

A locally operated utility prioritizes its constituent ratepayers' interests over third parties such as shareholders, special interests, and other unrelated entities. Minimizing conflicts among the needs of disparate groups with varying motivations and the appropriate allocation of limited assets and resources results in equity, efficiency, and economy.

4. Financial Independence and Stabilization: Creating a new utility district will provide financial advantages to the community such as targeted taxation and revenue generation mechanisms for long-term infrastructure investment. Ratepayers and their representatives can better manage their financial resources related to energy generation, delivery, and maintenance by forming a separate district tailored to their specific economic circumstances.

Any cost associated with forming a new entity or energy utility is far outweighed by the benefits. The deteriorating IID electrical infrastructure must be updated/improved subject to any one of the proposed alternatives/options. A local, centralized entity/utility will be able to focus its tax and revenue for planned infrastructure improvement and maintenance in a direction/manner approved by its constituents, rather than groups or individuals with diverging concerns. This minimizes financial risk and provides flexible funding and financing opportunities for the improvement and maintenance of infrastructure.

ERA requests that a financial impact analysis of each option under consideration be conducted to provide a more in-depth analysis regarding the costs and financial risks associated with each possible approach. Creation of a new utility district, under Option 2.B in the Draft Study Report, should be included in that financial impact analysis.

5. Improvement of Services and Economic Prosperity: A new local utility district has the ability and flexibility to tailor its services to the unique needs of its constituents. Such a utility would provide programs and initiatives specifically designed to address the challenges and opportunities in the community. This will lead to more efficient and effective service delivery and a reduction of outages and lost revenue. This, in turn, shall promote the overall growth of the community by promoting and supporting local commercial and residential development, which results in a better, more stable future for the local population.

As the eight options discussed in the Draft Study Report are assessed, ERA concludes that Option 2.B will be the most favorable alternative to accomplish the objectives described in the Draft Study Report. Creation of a new utility district to serve the ratepayers in the IID not only promotes local interests and protects the area's ratepayers, but it also offers the advantages of financial stability and provides a more auspicious path for upgrading infrastructure in the manner that best serves affected stakeholders.

The members of the ERA thank you for your time and consideration.



COACHELLA VALLEY WATER DISTRICT

Established in 1918 as a public agency

GENERAL MANAGER
Jim Barrett

ASSISTANT GENERAL MANAGER
Robert Cheng

CLERK OF THE BOARD
Sylvia Bermudez

ASSISTANT GENERAL MANAGER
Dan Charlton

August 8, 2023

VIA EMAIL AT GTHOMPSON@LAFCO.ORG, INFO@LAFCO.ORG & U.S. MAIL

Gary Thompson
Executive Officer
Riverside County Local Agency Formation Commission (LAFCO)
6216 Brockton Avenue, Suite 111-B
Riverside, CA 92506

Dear Mr. Thompson:

Subject: CVWD Comment Letter: March 2023 Draft
Alternative Governance and Electricity Services Study - Imperial Irrigation District

Coachella Valley Water District (CVWD) welcomes the opportunity to provide comments to the Riverside County Local Agency Formation Commission (LAFCO) on the March 2023 Draft Alternative Governance and Electricity Services Study – Imperial Irrigation District (Study).

As you may know, CVWD serves approximately 300,000 residents in its 1,000 square-miles of service area ranging from the San Geronio Pass to the Salton Sea, mostly within the Coachella Valley area of Riverside County, including much of the same electrical service area of the eastern Coachella Valley contemplated in the Study.

CVWD appreciates LAFCO's efforts in compiling this Study which provides alternative energy and governance solutions for the eastern Coachella Valley region when the 99-year agreement between the Imperial Irrigation District (IID) and CVWD expires in 2032. IID's eastern Coachella Valley territory accounts for over 60% of IID's rate paying customer base, and CVWD has a direct vested interest in the issue as the largest electrical customer in this territory.

With regret, CVWD is unable to provide meaningful feedback on the Study by the August 30, 2023 deadline without the financial and cost analysis that was stipulated in the Scope of Work and Schedule of the Memorandum of Understanding between the State Water Resources Control Board (SWRCB) and Riverside and Imperial LAFCOs necessary to provide the "overall recommendation for the most cost effective and efficient implementation scenario for each required option" called for in Task 3iii.

Gary Thompson
Executive Officer
Riverside County Local Agency Formation Commission (LAFCO)
August 8, 2023
Page 2

It is CVWD's understanding that this financial information from IID was not available at the time the Study was published for comment, but that on July 27, 2023, IID staff informed the Coachella Valley Energy Commission (CVEC) that the financial information was now available.

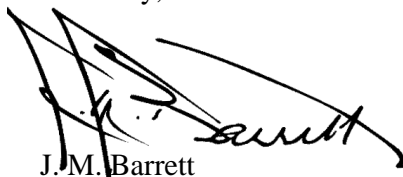
CVWD respectfully requests this financial information be used to expand the depth of the analysis on the options provided, and that overall recommendations for the most cost effective and efficient implementation scenario be included per the study's scope of work. Meaningful and constructive comment cannot be made without substantially deeper analysis and specific recommendations in this Study. This is critical to resolving the issue of determining what is the most prudent way for appropriate local representation and ensuring reliable and affordable electrical service for existing and future customers in the eastern Coachella Valley, including CVWD so it can continue to provide reliable water and wastewater services.

Governor Newsom vetoed AB 1021 (Mayes, 2021), the bill that authorized the Study, and his veto message emphasized the need to "invest the proper resources, time, and stakeholder engagement into studying the complex impacts of the..." termination of the Compromise Agreement in 2032. Although a delay is not desirable, too much time and resources from all involved have been invested in this process; it would be unfortunate to not achieve the Study's core goal due to timing of availability of key data which can now be accessed. A little extra time is a small price to pay to make substantial progress in moving us forward to answering a question so important to many stakeholders with consequences far into the foreseeable future.

Coachella Valley Water District is grateful for the opportunity to provide comments and looks forward to continued collaboration with our partners in the Valley, IID, stakeholders, the Consultants, and Riverside and Imperial LAFCOs.

Please do not hesitate to contact me at (760) 398-2651 or JBarrett@cvwd.org with any questions or concerns.

Sincerely,



J.M. Barrett
General Manager

Gary Thompson
Executive Officer
Riverside County Local Agency Formation Commission (LAFCO)
August 8, 2023
Page 3

cc: Anthony Madrigal, At-Large, Tribal Nations
Blaine Carian, At-Large, Counties
Gloria Fernandez, Riverside County
JB Hamby, Imperial Irrigation District
John Aguilar, Coachella Valley Water District
John Ramont, Cove Communities Services Commission
Joseph Mirelez, Tribal Nations
Juan Perez, County of Riverside
Karin Eugenio, Imperial Irrigation District
Linda Evans, City of La Quinta
Lavon Jaksch, Imperial County
Philip Bettencourt, At-Large, Cities
Bill Pattison, City of Coachella
Waymond Fermon, City of Indio

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File: 0043.1



August 23, 2023

Stephen Dopudja, P.E.
President
Dopudja & Wells Consulting
6789 Quail Hill Parkway, #421
Irvine, California 92603

RE: Request for Supplemental Financial Analysis and Extension of Comment Period on the Draft Alternative Governance and Electrical Service Study

Dear Mr. Dopudja,

The Coachella Valley Energy Commission (CVEC) appreciates the opportunity to provide comments on the governance alternatives analyzed in the joint Imperial County and Riverside County LAFCOs draft "Alternative Governance and Electricity Service Study" (Study) published in March of this year. We also thank you and LAFCO staff for participating in the August 17 CVEC monthly meeting discussion related to the Study. As you are aware, CVEC directed the formal request of the following items through this letter:

- Publication of a revised Study by September 30, 2023 that is to include supplemental financial analysis conducted by LAFCO.
- Extension of the Study comment period to October 15, 2023.

CVEC appreciates your acknowledgement of our efforts in Section 9.5 of your report and we look forward to using the final Study to aid our ongoing discussions and engagements. We appreciate the opportunity to comment on alternatives for analysis in the LAFCO study process and look forward to working with your team, the Imperial County and Riverside County LAFCOs and affected stakeholders throughout the remainder of this process. If you have any questions, please contact Emmanuel Martinez at emartinez@cvag.org or Susie Carrillo at scarrillo@iid.com.

Sincerely,

A handwritten signature in black ink, appearing to read "JB Hamby".

J.B. Hamby
Chairman

A handwritten signature in black ink, appearing to read "Joseph Mirelez".

Joseph Mirelez
Vice Chair

A handwritten signature in blue ink, appearing to read "Linda Evans".

Linda Evans
Vice Chair



cc: Augustine Band of Cahuilla Indians
Cabazon Band of Cahuilla Indians
City of Coachella
City of Indio
City of La Quinta
Coachella Valley Association of Governments
Coachella Valley Water District
County of Imperial
County of Riverside
Cove Communities Services Commission
Imperial Irrigation District
Torres Martinez Desert Cahuilla Indians
Twenty-Nine Palms Band of Mission Indians
Imperial County LAFCO
Riverside County LAFCO



IID

A century of service.

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Since 1911

August 30, 2023

Via Electronic Mail

(For convenience, paper copy to follow via Federal Express)

Stephen Dopudja, P.E.
President Dopudja & Wells Consulting
6789 Quail Hill Parkway, #421
Irvine, California 92603

Re: Imperial Irrigation District's Comments on the *Alternative Governance and Electricity Services Study-Imperial Irrigation District* (the "Study")

Dear Mr. Dopudja,

The Imperial Irrigation District ("IID") appreciates the efforts of the Riverside and Imperial County Local Agency Formation Commissions to explore options for alternative governance structures to address the concerns of its Coachella Valley electrical customers and other stakeholders. IID is proud of its history of providing its customers with reliable electrical service while emphasizing environmentally friendly operations and maintaining some of the lowest electric rates in California. Consideration of potential alternative governance structures should be predicated on maintaining these standards. By these comments, IID seeks to clarify the record with respect to the 1934 Agreement of Compromise between IID and the Coachella Valley Water District (the "1934 Compromise Agreement") and provide additional context against which stakeholders should evaluate the proposed alternatives.

I. In Evaluating Potential Changes to the Status Quo, Customer Satisfaction Should Be The Top Priority.

In all of its operations, IID puts customers first. The Study identifies several concerns voiced by Coachella Valley energy stakeholders but does not attempt to correlate these concerns with day-to-day customer satisfaction. For example, when evaluating IID's performance from an industry perspective, in terms of sustained interruptions, frequency of sustained interruptions, and average durations of interruptions, the data show that IID consistently outperforms similarly situated utilities. Since 2018, IID has evaluated and tracked (by random sampling) customer satisfaction with regard to trouble calls that ask, among other things, the customer's overall experience, the courtesy

and professionalism of staff, the resolution of the issue, and whether the job was completed in the appropriate time frame. IID received an overall rating of “Outstanding” in those four categories. IID provides excellent service to customers at low cost, in comparison to investor-owned utilities and other publicly-owned utilities of similar scale confronted with weather-imposed challenges and rapidly growing demand coupled with material seasonal demand fluctuations.

IID has taken significant steps toward addressing the concerns identified in the Study while maintaining excellent customer service and low rates. IID is capitalizing on new technologies, securing affordable energy resources, expanding our capacity for local generation, and strengthening our power delivery system, all the while keeping the rates to customers low. Since the establishment of the Coachella Valley Energy Commission (“CVEC”) in 2021, IID has been committed to working with the diverse stakeholders in the eastern Coachella Valley within the IID electrical service area. IID, alongside diverse municipal, county, tribal, and public stakeholders, has worked to ensure the CVEC is focused on developing an effective long-term strategic plan for continued energy service to the Coachella Valley following the expiration of the 99-year lease provision of the 1934 Compromise Agreement.

IID’s willingness and ability to respond to the divergent needs of specific communities within the current legal framework is reflected in the voluntary, cooperation-based joint exercise of powers agreement recently approved by IID and the City of Indio which will facilitate the accelerated expansion and enhancement of electrical service within Indio.

II. The 1934 Agreement of Compromise Does Not Expire in 2033 and None of the Alternatives Will Terminate the 1934 Agreement of Compromise.

The Study states that the 1934 Compromise Agreement “expires” in 2033 and that some of the alternatives would result in the “termination” of the 1934 Compromise Agreement. Both assertions are wrong. The 1934 Compromise Agreement contains several provisions regarding Colorado River matters, IID water entitlement priority ahead of the Coachella Valley Water District (“CVWD”), and related issues that will continue in perpetuity unless changes are mutually agreed to by IID and CVWD. Only one provision – Section 17, Lease of Power Rights – has a termination date (January 1, 2033.) On that date, IID’s exclusive right to the sale, use and control of power rights (as defined in the agreement) based on the All-American Canal system in exchange for its obligation to pay CVWD 8% of net proceeds will end. All other provisions of the 1934 Compromise Agreement will remain in force.¹

¹ Under the terms of the 1934 Compromise Agreement, upon the expiration of the Lease of Power Rights, “. . . the rights and privileges of the parties thereto shall be segregated and/or adjusted as may be equitable and just, having in view the business, interests and investments of the parties and their respective

The 1934 Compromise Agreement is a contract between IID and CVWD that third parties cannot “terminate” without IID and CVWD’s consent. As noted in the Study, unless IID and/or CVWD consent to an alternative that impacts the terms of the 1934 Compromise Agreement, protracted litigation could ensue. Each of the proposed alternatives that purport to “terminate” the 1934 Compromise Agreement (alternatives 1.C and all Option 2 alternatives) could result in potential claims by IID and/or CVWD against a new entity. Thus, stakeholders need to consider the rights of IID and CVWD in evaluating each alternative.

III. Several of the Alternatives Are Not Legally Viable.

The Study provides a thorough survey of possible alternative governance structures. However, some of the proposed alternatives would face legal and/or practical hurdles that render them not viable. For instance, Option 1.B proposes annexation of the Coachella Valley electrical service area (the “Coachella Valley Service Area”) into the IID. Existing law does not permit this approach absent an extension of water service to the Coachella Valley Service Area. Because IID already provides electrical service to the Coachella Valley Service Area, annexation of this area into IID requires an extension of service as a matter of law. Absent the extension of services in addition to retail electric service (such as water service) into the Coachella Valley Service Area, no legal grounds for annexation exist. Given IID’s water entitlement priority, it is unrealistic to assume any extension of water service in support of annexation.

This option has a practical impediment as well. The population differences between the Coachella Valley Service Area and the IID jurisdictional boundary would likely allow the Coachella area voters to elect a significant majority of a single governing board. The Study suggests that under Option 1.B, Coachella area directors will recuse themselves on water matters. But with a majority of the board having to recuse themselves when that board acts on water matters, the board will likely fail to have a quorum, preventing any decisions from being made. In addition, closed session discussions on water matters by the IID area elected directors would be more difficult or impossible unless there is a separate general manager and general counsel, and even perhaps a chief financial officer, for water services in order to protect confidential water-related discussions.

Option 1.C is also legally problematic. A new “sub-Board of Directors” is proposed to govern all matters related to the new jurisdictional area encompassing the Coachella Valley Service Area, while the existing Board would continue to govern matters related to IID’s jurisdictional boundary. Such an approach is without legal support. Irrigation district boards are not authorized to delegate board responsibility to a sub-board or to anyone else.

legal and equitable rights in said power rights, works and facilities on or in connection with the All-American Canal.”

IV. The Most Viable and Preferred Alternative is the Utilization of the JPA Structure to Accomplish the Various Goals of Different Coachella Valley Interests.

Option 1-D – Coachella Valley Parties Establish a Joint Powers Authority with IID – is the most legally viable alternative discussed in the Study. All entities described in the Study have the authority to coordinate with one another to form a JPA. The powers that each is allowed to exercise differ, which creates limitations on which entities could participate in forming a JPA whose purpose will be to provide electricity services to Coachella Valley customers, but there are practical workarounds to those obstacles.

JPA's can only exercise whatever powers are common to all the entities that formed it. This is the “common powers rule.” For purposes of providing electricity services, this means that all entities that form the new JPA must each have the independent authority to provide electricity services. IID, the cities, and the Tribes clearly have that authority. The Government Code endows counties with the power to construct, acquire, and develop works for the generation of hydroelectric or wind power and to operate and maintain such works, but it does not confer authority to provide electricity services. Thus, Riverside and Imperial counties could not participate *directly* in the formation of a JPA because they do not have the independent authority to provide electricity.

However, in order to provide representation to customers living in unincorporated areas of the counties, Riverside and Imperial counties could participate in a JPA with IID through the creation of Public Utility Districts within their territories outside of incorporated areas. As discussed in the Study, PUDs can be utilized to enable counties to provide electricity service in unincorporated areas, and thus participate in a JPA to do so. JPA's have additional benefits. They can be tailored to the specific goals of the members, be governed by the existing governance of the members, and be modified over time for purpose and powers by agreement among the members. They thus appear to be more suitable as a tool to adapt and evolve the present setting to a changing energy future in the Coachella Valley, and would allow participation and representation of unincorporated areas in a JPA structure as a member agency.

In addition to the benefits of JPA's described in the Study, the JPA approach has the additional benefit of having already been implemented, albeit on a smaller and limited scale, between IID and the City of Indio. The IID/Indio JPA could serve as a blueprint for future JPA's between IID and the Coachella Valley parties.

V. Further Study Should Include The Comparative Costs of Each Alternative.

While a comparative cost analysis was beyond the scope of the Study, as the range of possible alternatives is reduced, the costs associated with those alternatives needs to be closely examined. Change will come with a price, and future analysis should clearly indicate how each alternative will impact rates, so that stakeholders can fairly weigh the benefits of a proposed alternative against the costs of change.

Although costs and revenue information about IID service to the Coachella Valley is useful, those factors do not provide much guidance about the new cost consequences of changing from IID provision of full service to any other alternative, or the portion of costs associated with different aspects of energy service and the corresponding benefits of different alternatives. IID remains committed to working with Coachella Valley parties to define a consensus-based alternative and conducting appropriate financial analyses of such a defined consensus-based alternative.

VI. Conclusion

The Imperial Irrigation District Board of Directors and staff appreciate the opportunity to participate in this Study process and will continue to foster and participate in collaborative efforts with our partners, stakeholders, and customers in the eastern Coachella Valley long after the completion of the Study process. We look forward to ensuring that the positive efforts between IID and Coachella Valley parties over the last two years continue and will yield durable, adaptable, and effective solutions for the next century of service in the Coachella Valley and beyond.

Sincerely,



Alex Cardenas, President



JB Hamby Vice President



Gina Dockstader, Director



Karin Eugenio, Director



Javier Gonzalez, Director

August 30, 2023

Page 6 of 6

cc: Imperial County LAFCO
Riverside County LAFCO
Augustine Band of Cahuilla Indians
Cabazon Band of Cahuilla Indians
City of Coachella
City of Indio
City of La Quinta
Coachella Valley Association of Governments
Coachella Valley Water District
County of Imperial
County of Riverside
Cove Communities Services Commission
Torres Martinez Desert Cahuilla Indians
Twenty-Nine Palms Band of Mission Indians



EXECUTIVE OFFICE

JEFFREY A. VAN WAGENEN, JR.
COUNTY EXECUTIVE OFFICER

JUAN C. PEREZ
CHIEF OPERATING OFFICER

DAVE ROGERS
CHIEF ADMINISTRATIVE OFFICER

SAYORI BALDWIN, ASSISTANT CEO
HUMAN SERVICES

CHARISSA LEACH, ASSISTANT CEO
PUBLIC WORKS & COMMUNITY SERVICES

MICHELLE PARADISE, ASSISTANT CEO
PUBLIC SAFETY

ZAREH SARRAFIAN, ASSISTANT CEO
HEALTH SYSTEMS

August 30, 2023

Gary Thompson, Executive Officer
Riverside County Local Agency Formation Commission
6216 Brockton Avenue, Suite 111-B
Riverside, CA 92506

Re: Initial Comments to Alternative Governance and Electricity Services Study -
Imperial Irrigation District (March 2023 Draft)

Dear Mr. Thompson:

The County of Riverside ("County") is appreciative of the work done to date by the Riverside and Imperial County Local Agency Formation Commissions (LAFCO) in the preparation of the Alternative Governance and Electricity Study. We also appreciate the granting of an extension to the comment period requested by the Coachella Valley Energy Commission (CVEC) to October 15, 2023, and LAFCO's willingness to prepare and circulate a financial analysis prior to that date to provide all stakeholders and the public with the ability to offer more complete comments. We offer these initial comments on the March 2023 draft Alternative Governance and Electricity Services Study - Imperial Irrigation District (the "Draft Study") in the interest of sharing initial observations with LAFCO and stakeholders, while expecting to submit additional comments by October 15th.

The County unincorporated area constitutes the largest jurisdictional subdivision within the Imperial Irrigation District ("IID") Electric Service Territory in Riverside County. The County's current unincorporated area population within that territory is estimated to exceed 60,000. As we look back over the tremendous growth that the Electric Service Territory has experienced during the 90 years that the arrangement with IID has been in place, it is critically important to plan for how the area may continue to grow into the future.

Guiding Principles

As LAFCO and the stakeholders move closer to identifying the most beneficial alternatives, the County offers the following comments on key aspects that we would like to see addressed moving forward as the alternatives are narrowed down:

a. Governance.

Population projections based on build-out of General Plan land uses forecast a future unincorporated area population of about 350,000 residents (not accounting for possible annexations). Having a governance model which provides for a greater direct voice for our growing unincorporated area, through a means of representation, is one of the key desired outcomes in order to have an electric utility system which is responsive to the needs of its customers – our County constituents.

b. Ability to provide reliable electricity.

A reliable and resilient system for the provision of electricity services is paramount to assure that the needs of our existing residents are met to protect their health, safety and quality of life. The system should include the necessary capital improvement and preventative maintenance components to assure that power can continue uninterrupted, and to be able to quickly respond to emergency conditions to restore power as soon as practicable

c. Cost-effective service for ratepayers.

Having a system that can provide cost-efficient services in order to keep utility rates comparatively low will be another key component for consideration. The County unincorporated area includes several disadvantaged communities, which are particularly sensitive to the impacts of high utility costs. The financial analysis being conducted by LAFCO will provide important insight on this topic to further inform future discussions.

d. Ability to plan for and equitably pay for future growth.

Given the significant growth that is expected to occur in our unincorporated area, we need to collectively plan for a system that can feasibly expand in order to support our growing population and allow for economic development opportunities. The cost of expanding infrastructure to accommodate growth should be primarily borne by those development projects contributing to the expansion need, while minimizing any impacts to existing residents and ratepayers.

e. Operational ability.

The electric service provider needs to have, or reasonably be able to develop, the operational and organizational capacity and know-how to operate a complex electrical system, so that it can be responsive to the needs of the community while providing reliable and resilient electrical service.

Initial Comments on Service Options.

We acknowledge and appreciate the commitments by LAFCO to provide the requested additional financial analysis, which will yield needed additional information to assess the alternatives against the collective priorities of all stakeholders. Based on County staff's review of the eight (8) alternatives identified in the Draft Study, in light of our guiding principles noted above, it is our assessment that Option 1.A (Maintain Status Quo), Option 2.A (Merge to Investor-Owned Utility) and Option 2.D (Form a Community Choice Aggregator) are the least likely to meet the County's objectives. This opinion is also shared by the Draft Study which identified those as the lowest ranked of the alternatives studied. As such, if there is a need or interest in narrowing down the alternatives as part of the next steps of the analysis, those three alternatives would warrant less consideration.

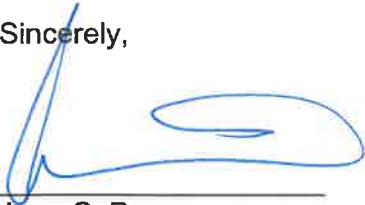
Financial Analysis

The County requests that certain information be included and considered as part of the fiscal analysis, to the practicable extent possible, as part of the cost comparison of alternatives:

- Overall number and mix (residential, commercial, etc.) of ratepayers, by jurisdiction.
- Rate revenue collected over a reasonably available period of time, by jurisdiction.
- Available information on the inventory of transmission and other assets, by jurisdiction.
- Summary information of what may be currently programmed through IID's approved Capital Improvement Program, by jurisdiction.

The County extends our thanks to all of the stakeholders that have come together, using CVEC as a forum, and the work being done by LAFCO and its consultants as we work to plan the best electrical energy future possible for the Coachella Valley. We appreciate the ability to submit our initial comments now and look forward to commenting further as the additional fiscal analysis becomes available, and to continuing to work in collaboration with all stakeholders through CVEC as this moves forward to the next stage of analysis and discussion

Sincerely,

A handwritten signature in blue ink, appearing to read 'Juan C. Perez', with a large, stylized loop at the end.

Juan C. Perez
Chief Operating Officer

August 30, 2023

Gary Thompson, Executive Officer
Riverside County Local Agency Formation Commission (LAFCO)
6216 Brockton Avenue Suite 111 B
Riverside, CA 92506
gthompson@lafco.org or info@lafco.org

Re: Alternative Governance and Electricity Services Study - Imperial Irrigation District

Dear Mr. Thompson,

The La Quinta City Council is submitting this comment letter in response to the March 2023 DRAFT Alternative Governance and Electricity Services Study – Imperial Irrigation District (Study), prepared by Dopudja & Wells Consulting (Consultant).

In February 1934, the Coachella Valley Water District (CVWD) and Imperial Irrigation District (IID) entered into a 99-year Agreement of Compromise, granting IID to be the electrical service provider for parts of the Coachella Valley located in Riverside County, California. Since this agreement expires on December 31, 2032, and the La Quinta residents and businesses receive electrical service from IID, we have a vested interest in the governance and delivery of services post 2032.

We are aware that this Study was commissioned as a result of legislation (AB 1021) introduced by former-Assembly Member Chad Mayes that outlined a governance structure that provided for fair representation of the IID customers within Riverside and Imperial Counties. Currently, the IID Board is comprised of members elected by Imperial County residents within defined geographic districts located only within Imperial County. There is no representation or voting rights for stakeholders within IID's territory of Riverside County. While the legislation was vetoed, the Governor approved State funds to commission a study to evaluate "alternative governance and electrical services" post the IID/CVWD agreement.

In July 2021, also during and as a result of Mayes' proposed legislation, IID formed the Coachella Valley Energy Commission (CVEC). CVEC is comprised of elected officials and at-large representatives of Coachella Valley energy stakeholders and its purpose is to determine the energy needs of the greater Coachella Valley portion served by IID and develop a long-term strategic plan, including governance, for continued energy service beyond 2032.

On May 1, 2022, Riverside and Imperial County LAFCOs and the California State Water Resources Control Board (State Water Board) entered into a \$500,000 Study Grant Agreement to conduct a study to evaluate alternative governance structures and or alternative electricity services currently provided by IID.

Exhibit A of that Agreement contains the Scope of Work and Schedule (page 7 of 18).

In Exhibit A, A.2., 3. Study Report, 3.1 Prepare an Initial Draft Study that includes:

3.1.1 An executive summary that includes background information on the Project, the issues and options to be analyzed, and recommendations for implementation.

3.1.2 An analysis section that includes a detailed discussion for each of the options and scenarios developed for the two issues required to be studied.

3.1.3 A conclusion and recommendations section that synthesizes the analysis into an overall recommendation for the most cost effective and efficient implementation scenario for each required option.

In March 2023, LAFCO published the Consultant's 159-page draft Study for public comment, which outlines multiple options with variations available to stakeholders in moving forward with a new contract.

Our Findings:

The Study does not include cost analyses or an overall recommendation for the "most cost effective" scenario. It does not include transitional cost and time frames, how funding is covered, and what new rates for service are estimated to be going forward. It does not provide "recommendations" at all. Instead, it lists options and information that were largely derived from the work conducted by CVEC since its inception in July 2021.

La Quinta has been and remains strongly committed to its participation and collaboration with CVEC, and supports CVEC's continuous efforts for engagement to identify viable electrical service alternatives and ensure proper representation of the Coachella Valley ratepayers as this process progresses. And, while governance issues and models are discussed with CVEC, the IID Board is still the authority for decision-making.

CVEC members, upon inquiry, were informed by IID staff during the July 27, 2023 CVEC meeting that the financial reports from IID became available too late to include in the Draft Study. CVEC members recommended that IID submit the financial information requested for the Study so that the Scope of Work requirements of the State Water Board Agreement can be met. We do believe, however, that the Study should have included cost analyses based on research that should have been performed by the Consultant.

Without the required information and critical cost analysis, a municipality cannot make an informed decision about the future of electrical service for its residents/businesses.

We ask that LAFCO fulfill its contractual obligation to meet the requirements as outlined in the State Water Board agreement as noted in Exhibit A – Scope of Work and Schedule.

With receipt of financial data from IID, that will provide critical information needed to determine the best "cost effective" option for our residents/businesses, we understand the financial analysis performed will be available for review no later than September 30, 2023. We also have learned that both Imperial and Riverside LAFCOs have authorized to extend the comment period to October 15, 2023. Thank you for making adjustments to the timeline and comment period.

We support a governance structure for electrical/power service that is representative of and inclusive of the Coachella Valley stakeholders that is separate from the current IID board representing Imperial County stakeholders for both water and power. We prefer a Coachella Valley board that represents the area divided into districts, with board members elected by registered voters of each district.

We would also like to see a governance structure that plans for and prioritizes ongoing maintenance of equipment, upgrading of outdated equipment, and proactive addition of substations as needed to ensure capacity to better serve existing ratepayers and new development. IID needs to be transparent as to issues critical to power delivery in both the short term and long term. The cities and impacted agencies need to be included in planning, site location, future transmission requirements, and path of those lines through the cities.

Increasing population, system reliability, aging infrastructure, capacity limitations, new development, frequent service outages, stable costs for ratepayers, and questions regarding timely implementation of capital improvements are among our top concerns. These concerns have driven the Coachella Valley stakeholders to request representation and provide oversight on electrical service matters. Thank you.

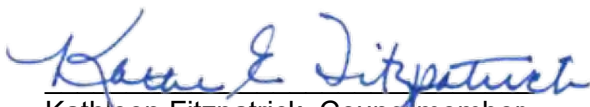
Sincerely,



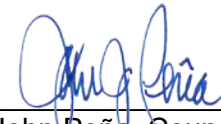
Linda Evans, Mayor
City of La Quinta



Steve Sanchez, Mayor Pro Tem
City of La Quinta



Kathleen Fitzpatrick, Councilmember
City of La Quinta



John Peña, Councilmember
City of La Quinta



Deborah McGarrey, Councilmember
City of La Quinta

Cc: Jon McMillen, City Manager, La Quinta



October 12, 2023

Via Email

Gary Thompson
Executive Director
Riverside County LAFCO
6216 Brockton Ave., Suite 111B
Riverside, CA 92506
gthompson@lafco.org

Dear Mr. Thompson,

The City of Coachella (“City”) provides the following comments on the joint Imperial County and Riverside County LAFCOs draft *Alternative Governance and Electricity Services Study – Imperial Irrigation District*,” dated March 2023 (“Study”). The City appreciates the joint LAFCOs issuing the draft Study and providing an opportunity for stakeholders to comment on alternative governance options to the existing electrical service provided by the Imperial Irrigation District (“IID”) in the Coachella Valley. The City is providing constructive feedback on the various governance options in hopes that the Study will provide the stakeholders with a tool to have a meaningful discussion on the path forward to long-term electrical service in the valley. The Coachella Valley is at a critical juncture to evaluate all the available options for energy and implement a long-term solution given the growing concerns with existing IID service.

The City does not believe that the Study should be finalized at this time and that more work is needed. While it provides useful information on the background of electrical service, the stakeholders, and issues of concern with current IID service, more clarification and legal analysis is needed on the various governance options and financial and other economic data is needed to provide a complete Study. The City provides the following comments on critical areas in the Study, and also includes more specific comments in the attached spreadsheet. We welcome setting up a meeting with the joint LAFCOS and its consultants to clarify these comments and answer questions.

I. The Study Should Clarify That the CPUC Is Also Not a Governance Option, and That Coachella Valley Ratepayers Are Affected by the Lack of Representation

The Study should clarify that the current lack of representation on electrical service affects the stakeholders by not having representation on the IID Board, but also affects ratepayers. There is no recourse or other mechanism to participate in IID policies and terms of service or address customer issues and grievances. Because IID is a publicly owned utility, the California Public Utilities Commission does not regulate it as investor-owned utilities (“IOU”) are like Southern California Edison. Customers of an IOU and other interested parties can participate in CPUC



rulemaking, rate setting, and adjudicatory processes, and address any grievances or disputes through the CPUC enforcement division and bring complaints against the IOUs. IID does not have any established processes in place to address grievances and complaints by Coachella Valley customers, other than general public comment at IID Board meetings in Imperial County. Because the Coachella Valley is served outside IID's political boundaries, there is a complete void of governance and representation. This impacts all of the Study stakeholders, and, more importantly, the ratepayers served by IID and those commercial and industrial customers that are in need of expanded IID infrastructure to serve growth in the valley. There is simply nowhere for a customer to go.

In its comment letter, dated August 30, 2023, IID states that there is considerable customer satisfaction, which has been tracked and evaluated through random sampling. The City is unaware of any reports IID has issued on customer satisfaction or other statistics demonstrate that customers in the Coachella Valley are receiving high levels of service. To the contrary, the City is aware of numerous examples throughout the Coachella Valley where prospective developments and current and future ratepayers are unable to obtain service for their projects, including a refusal by IID to provide service. This has not only affected commercial and industrial growth in the valley but also interferes with state and local policies on the development of affordable housing. This is untenable.

II. The Study Must Analyze the Financial and Economic Data Regarding IID's Service in the Coachella Valley in Order for the Stakeholders to Provide Meaningful Comments on the Study and Base a Governance Decision On

The Study lacks the necessary financial, economic and cost data that is needed to conduct an informed discussion on the proposed governance options. Studies that have been done throughout California and other parts of the U.S. on alternative mechanisms to incumbent utility service include both a governance analysis and feasibility analysis setting forth the costs of the alternative service and the options to fund or finance it. While the City recognizes that the joint LAFCOs Study does not perform a full feasibility analysis of each option, and that such studies will need to be done prior to implementing the preferred governance option, the Study in its current draft does not contain any financial information whatsoever on IID's existing service to the Coachella Valley, what specific improvements are needed, and what will generally be needed to implement any of the options therein.

At the April 2023 CVEC meeting, it was stated by Riverside LAFCO that IID did not provide financial information requested by the Study's consultants and that financial analysis would not be included in the Study. This statement was alarming in that the requested data is crucial to finalizing the study, is required under the terms and conditions of the State Water Board



grant, and is, most assuredly, a public record under the California Public Records Act. At the July 2023 CVEC meeting, it was then stated that financial reports by IID were now available, but that it was too late to be included in the Study. We believe that this has since been corrected. While the City understands that obtaining this data is outside of the Joint LAFCOs control to some degree, IID should provide all publicly available data requested by the consultants. The LAFCOs should request, and Coachella Valley Energy Commission (“CVEC”) should ensure, that IID staff, which staff is supporting CVEC, provide the necessary data for the study.

There are numerous places throughout the Study where such financial and economic data is needed to fill in the analysis. For instance, and without limitation, IID has publicly identified \$500 million in necessary infrastructure upgrades and \$300 million in generation upgrades for the period between 2023-2029. This information, and a breakdown of this data, is not included in the Study. Other relevant data is also missing. Table 4-3 in the Study states that the Coachella Valley is 61 percent of IID customers. Table 4.3 shows IID's total energy department budget, which includes the Coachella Valley and Imperial County, and not budget numbers for the Coachella Valley. Additional tables should be added showing the 2022 Project Actual, 2023 Budget, and 2024 Budget for the 61 percent of Coachella Valley customers only. This is necessary so Coachella Valley stakeholders can determine how much revenue and funding is coming from Coachella Valley ratepayers as compared with Imperial County customers. Table 4.3 should also include Expenditures for Coachella Valley ratepayers, so the public can determine what the projected revenue and expenditures would be for the Coachella Valley.

Financial data is needed to make a sound business and governance decision as part of any study. Stakeholders must determine the costs of serving the Coachella Valley under each governance option and utilize such information in future feasibility determinations.

III. Municipalization Must Be Provided and Analyzed as a Standalone Governance Option

Although there is a general reference to municipal utilities in Section 7 and possibly in Governance Option 2.C “special districts” run by stakeholders, the Study does not appear to include a city’s ability to form a municipal utility. One of the most common forms of governance in California for electric service is a city municipal utility. There are numerous examples of municipal electric utilities throughout the state, including several longstanding utilities in Riverside County and the surrounding counties, such as Banning, Colton and Riverside, and several that more recently formed in Western Riverside County in the Cities of Corona and Moreno Valley. There are also dozens of examples of municipal utilities in the water and wastewater areas. Formation of a municipal utility is a strong economic and legally viable option to IID service. A municipal utility option addresses the Study’s foundational objectives as well as the existing stakeholder concerns with IID. In the June 2023 presentation to CVEC by the Joint LAFCOs’



consultant, the consultant stated that municipalization was an option identified in Options 2.B and 2.C (Special District, Municipal Utility District); however, it is not really discussed in these options. Furthermore, a city municipal utility is not a “special district” or “municipal utility district” under the law and should not be labeled as such. Doing so only confuses reviewers of the Study on the various legal structures.

Under the California Constitution and applicable law, cities have the right to form an electric utility and can do so within the territory served of an IOU, and in this case, IID. In fact, in November 2019, the Coachella City Council adopted a resolution forming a municipal utility with a proposed service territory of all undeveloped and under-served areas within the City’s territorial limits. Likewise, cities within Western Riverside County have formed so-called municipal utilities within their territorial limits.

The City requests that municipal utilities be added to the Study as a standalone governance option along with discussion and analysis of the legal and governance basis for them and how such formation occurred in Western Riverside County. The addition of a municipal utility option would provide all the stakeholders with a more complete understanding of their options.

IV. The Study Over-Emphasizes the 1934 Compromise Agreement as the Basis for IID’s Service in the Coachella Valley

The 1934 Compromise Agreement between IID, CVWD and the federal government is a 99-year contract settling water rights. As a condition to prioritizing certain rights to the All American Canal, the agreement also addresses energy rights along the canal. The agreement does not necessarily establish IID’s right to provide electricity to the Coachella Valley and does not preclude the stakeholders from establishing alternative electric service options prior to its expiration in 2033. In fact, and is indicated in part in the Study, IID acquired the California Electric Power Company in the 1940s, which acquisition is the primary basis for its service. IID service is being provided outside IID’s territorial jurisdiction with no other approval or agreement. Therefore, the municipalities in this region have the right to form other electric service options now. The Study should eliminate the frequent reference to the 1934 Compromise Agreement as the basis for IID service, acknowledge that cities can provide service in lieu of IID, and not suggest that the timing on implementing an alternative governance structure is tied to the 1934 Compromise Agreement.

V. The Study Needs Additional Review of the Governance Options

The City reiterates that the Study provides invaluable information on the background of IID’s service to the Coachella Valley. There are numerous places, however, where certain conclusions are inaccurate or there are errors in the governance options. This suggests that there is



a lack of experience in California energy and public agency governance. The City believes that many of the governance options should be re-reviewed for completeness and legal accuracy in the statements and conclusions, particularly the laws regarding governance options and interpretations of the 1934 Compromise Agreement. In addition, specific examples should be provided to inform the stakeholders of the relevant options that can be modeled. For instance, the Metropolitan Water District is provided as an example, but MWD is a water agency, and there are numerous examples of municipal utilities, public utility districts and JPAs specific to California electricity.

VI. City Comments on Governance Options

The City provides the following comments on the specific governance options discussed in the Study.

A. *Governance Option 1.A – Maintain Status Quo*

The City appreciates the Study providing the pros and cons of IID continuing to provide service and keeping the current governance as status quo. This is useful. We agree with other commenters, though, that this option should ultimately be rejected, as it does not address the concerns of the stakeholders or the foundational objectives of the Study. This option will only lead to more uncertainty in electric service and concerns by stakeholders due to the lack of representation and the current provision of IID service. CVEC would remain in place under this option, but the commission is only an advisory body to the IID Board with no independent staff or decisionary role in Coachella Valley electric service. Cities would still need to finance all the improvements in their respective jurisdictions, as would be the case under any of the standalone governance options. This is also contrary to an IOU service model. Therefore, the City does not support this option.

B. *Governance Option 1.B – Annex the Coachella Valley into IID*

There has been significant discussion regarding annexing the Coachella Valley into IID and it has been largely rejected by IID and Coachella Valley stakeholders. As the Study notes, new legislation would be needed for IID to have exclusive jurisdiction over water rights while IID would continue to have management over Coachella Valley electric concerns. Given the significant hurdles of this option and the fact that it has been proposed previously, the City does not believe this is a viable or realistic option. It is also not supported by IID.

C. *Governance Option 1.C – Creation of Sub-Board of Directors*

The creation of a sub-board of directors to IID on energy issues would address the lack of representation in some respects. Given the administrative and governance complexities, however,



this is also not a viable option. A sub-board would still be beholden to the IID board and would result in unclear roles and responsibilities, including jurisdiction, funding, and staffing. It is also unclear how a sub-board would address the concerns raised by the stakeholders as to rates, infrastructure needed to fund future development, and other issues. The City is also unaware of an example of a sub-board in California public agencies. If one exists, the Study should identify it and provide more analysis.

D. Governance Option 1.D – Joint Powers Authority with IID

This section of the Study needs the greatest review and revision. Joint powers authorities are agencies formed to exercise a common power of the members. They are commonly formed to issue debt or provide a service that a member would not provide itself, while minimizing liability to the member agency's general fund. The JPA is a contract between the members specifying the purpose of the JPA and the powers it is exercising. The Study places great emphasis on use of a JPA as a governance option in that it would have "direct control and obtain representation on electrical service provisions for Coachella Valley." A JPA would not necessarily do this, however, because it is entirely dependent on what the JPA is established for and how the governing body is comprised. The Study needs to clarify how a JPA would provide for representation on electrical service provisions and cite examples the stakeholders can review.

The only example provided is the IID-Indio JPA, which was finalized by those agencies in July 2023. The JPA allows the City of Indio to finance new electrical infrastructure within and upgrades to IID's current service to the city. Under this model, the Indio City Council sits as the JPA board of directors and establishes a surcharge that will be collected by IID and used to pay for the upgrades requested by the JPA on behalf of the city. IID is not obligated to verify the legality of the surcharge or if the calculation is correct. Indio and IID then enter into an installment agreement for the construction of the improvement, and installment payments are paid for by the surcharge. The financing proceeds are fully collected and used to pay for the IID improvements, with such payments assigned to a trustee to secure financing. IID ratepayers outside of Indio's city limits do not pay for the surcharge or any of the improvements. Projects are owned by the JPA and given to IID if the JPA is terminated or the debt service paid off, assuming IID is still providing service at the time of termination.

If further analyzed in the Study, this example is strictly a financing JPA. While it allows the member some self-determination over infrastructure upgrades, it does not provide a full governance option. There is no additional authority given to the JPA over and above the surcharge determination. *Importantly, the JPA agreement expressly states that the JPA cannot be used to provide electricity.* Also, in theory, IID will continue to own and operate improvements, which would extend beyond the term of the 1934 Compromise Agreement (assuming that it controls IID service), and the JPA would have no other "governance" authority beyond the construction of the



improvements. There is no scope of authority over service to the region, budget, capital improvement plan prioritization, net metering, distributed generation, power supply composition, and customer service, among other issues of concern. This option may be fine for some stakeholders, but the stakeholders should understand the totality of this option as it is referenced throughout the Study.

Not surprisingly, this is the only option supported by IID because it ensures the Coachella Valley stakeholders finance and pay for the much needed improvements to the system without any existing funding support from IID, and presumably, the ratepayers that have been funding the system. In addition, due the financing and funding, that is needed given the current growth, and the timelines for development and construction, this option preserves the status quo by ensuring that IID remains the sole provider of electrical service in the Coachella Valley forever.

E. *Governance Option 2.A – Dissolution and Merger with an IOU*

The Study outlines a governance option for the “dissolution and merger” with an IOU for service in the Coachella Valley where an electrical corporation like SCE would take over IID service. Such an option would contemplate a transaction between IID and the IOU as a willing buyer and seller and include negotiation of a purchase price for those portions of the IID system within the Coachella Valley. The governance option is really a sale of the IID system or acquisition and should be renamed as such since IID would not be dissolving as an entity or merging with the seller. The acquisition would need to be approved by the CPUC since it has jurisdiction over IOU acquisitions.

This option does not provide an adequate level of governance to the stakeholders since the system would be owned and operated by an IOU. It would, however, allow the stakeholders to participate in IOU general rate cases and other proceedings and ratepayers would have an ability to directly petition the CPUC with grievances or disputes. The City does not see this as a realistic option, though, since, again, it involves a willing buyer and seller to negotiate an extensive purchase of the system and IID would be unlikely to do so given that the Coachella Valley is 61 percent of revenues into its system.

F. *Governance Options 2.B and 2.C – Form Public Utility District or Special District*

Sections 7 and 9 of the Study are unclear on the types of districts that are being analyzed and recommended. Section 7 is labeled “municipal utilities” and “public utility districts” (and electrical cooperatives). Section 7.2 and 7.3 briefly outlines public utility districts and makes some reference to special districts with no discussion about municipal utilities. Section 9.2 then conflates the various special district and public utility district options that may be available, and again, does not discuss municipal utilities. Special districts can be created under a number of



California statutes with a public utilities district serving as one type of special district. If the Study is analyzing or recommending other types of special districts, then it should clarify what they are. Alternatively, to keep it simple, the Study should analyze public utilities districts and municipal utilities and dispense with using special district (which term is more used with water districts).

It is also unclear what the difference is between Option 2.B and 2.C. Option 2.B appears to address formation of a public utilities district or special district. Option 2.C then states that a “public utilities district” or “special district” would be formed by each stakeholder, suggesting that option is discussing municipal utilities. Option 2.C notes that the public agency would have oversight over generation, distribution, and transmission, which a public utilities district would also oversee under Option 2.B. In addition, there are very distinct formation differences between a public utilities district and a municipal utility that should be broken out in the Study.

G. *Governance Option 2.D – Community Choice Aggregator*

The Study contains some inaccuracies regarding formation of a community choice aggregator (“CCA”) that should be reviewed and corrected. It states that a CCA can only form in the territory of an IOU and that service in the Coachella Valley would need to be transferred from IID. This statement does not recognize that IID provides service outside of its political boundaries and that Public Utilities Code section 331.1 may allow a CCA to form. In addition, other agencies have obtained special legislation to allow formation, such as a water district and conservation district and a stakeholder may be able to form in the same manner. There are also statements regarding the challenge in obtaining financing for start-up costs and that the long-term financial impact is uncertain. There is no financial information in the Study, though, and nothing that supports these conclusions. For instance, a number of banks have lent considerable funding to CCAs at start-up and offered revolving credit lines. A number of CCAs have achieved investment credit ratings in a few short years and have \$50 million or more in reserves in that same time period. There is also a considerable amount of local control over programs, rates, rate stabilization and other issues important to the stakeholders. This option needs to be significantly reworked.

VII. IID Comments on Study

Although the City stresses the need for the Study to improve its analysis on the municipal utility option, it recognizes that each of the options may be legally viable or that legislation may be needed to make them so. IID’s comments, however, suggest that only the JPA option is viable and the rest of the options are not supported. IID goes so far as to state that it and CVWD may have “claims” against any city or group of stakeholders that seeks to implement any of the options on the grounds that the 1934 Compromise Agreement exclusively controls service in the Coachella Valley. The City fails to see how a contract between two entities controls all service in the region where there is no such construct anywhere in the law in any other part of the state. Not only is this



CITY OF COACHELLA

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legally unsupportable, but more importantly, it shows an unwillingness to engage in a truly collaborative, stakeholder-driven process to obtain the best governance information for the governing bodies, residents and businesses of the Coachella Valley.

In conclusion, the City appreciates the opportunity to provide comments on the Study and respectfully requests the joint LAFCOs make the changes we discuss herein. If you have any questions or desire to setup a meeting to discuss these comments, please do not hesitate to reach out to the undersigned at any time.

Sincerely yours,

Dr. Gabriel Martin
City Manager
City of Coachella

Gary Thompson

From: Brad Anderson <ba4612442@gmail.com>
Sent: Sunday, October 15, 2023 10:30 PM
To: LAFCO Information
Cc: Gary Thompson
Subject: Public Comment - Alternative Governance Structure(s) and Alternative Electricity Service (Draft Study - March 2023) IID

October 15, 2023

Riverside County Local Agency Formation Commission (LAFCO)
6216 Brockton Ave. Suite: 111-B
Riverside, CA. 92506
Attn: Mr. G. Thompson (Executive Officer)

Dopudja and Wells Consulting
6789 Quail Hills Parkway, #421
Irvine, CA. 92603
Attn: S. Dopudja (President)

Re: Written response to the Alternative Governance Structure(s) and Alternative Electricity Service (Draft Study)
Imperial Irrigation District (IID)

Dear Riverside County LAFCO,

As a concern citizen of the Coachella Valley region (Riverside County) and having the ability to attend and participate in many of the newly constructed Coachella Valley Energy Commission (CVEC) open Public meetings. It has been observed that certain Cities have been able to subvert the CVEC mission (goals) by establishing an independent working relationships with the Imperial Irrigation District (IID) while having City officials actively serving on the CVEC Board of Directors.

Coachella Valley Cities along with many other Governmental agencies in the region have been demanding unrealistic growth of local communities. Those overreaching demands from local City Councils do not align with the economics of local communities and the wishes of their population.

I'm ONLY one of very few members of the general Public that have NO financial interests from attending and participating with CVEC open Public meetings.

Please consider allowing citizens within the IID service boundaries the opportunity to continue enjoying high quality service and predictable reliable sources of energy provided from IID.
(Any overhead power distribution lines will be at increased risk of interruption)

Option 1-A (Maintain Status-quo IID operations) would be the sensible and reasonable choice for current Coachella Valley Residents and Businesses. Having Coachella Valley Cities (Coachella/Indio/La Quinta/Cove communities plus unincorporated Riverside County communities) attempt to subvert Coachella Valley Citizens from a service provider that has been a great partner and a well operated entity. Departure from that "status quo operation" would be devastating and extremely expensive to the current population of the Coachella Valley.

Joint ventures such as (JPA's - Option 1-D) have the ability to create unnecessary harmful effects from local governmental political representatives involvement with special Interests and the uncertainty of increasing taxes/fees/surcharges to local Resident's.

Please consider the concept of "Great Customer Service" and cost-effective services. Chose Option 1-A (current operations of IID)

Sincerely,

Brad Anderson | Rancho Mirage, CA. | ba4612442@gmail.com

Cc:



TWENTY-NINE PALMS BAND OF MISSION INDIANS

46-200 Harrison Place . Coachella, California . 92236 . Ph. 760.863.2444 . Fax: 760.863.2449

October 13, 2023

Stephen Dopudja, P.E., President
Dopudja & Wells Consulting
6789 Qual Hill Parkway, #421
Irvine, California 92603

**RE: Twenty-Nine Palms Band of Mission Indians' Comment Letter on
Alternative Governance and Electricity Services Study**

Dear Mr. Dopudja,

On behalf of the Twenty-Nine Palms Band of Mission Indians ("Tribe"), I thank the Riverside and Imperial County Local Agency Formation Commissions ("LAFCO") for their efforts to prepare the Alternative Governance and Electricity Services Study, dated March 2023 and as supplemented on September 19, 2023 (collectively "LAFCO Study"). Moreover, we thank you for LAFCO's willingness to extend the comment period to October 15, 2023, and for supplementing the Study with responses to the initial round of comment letters. The Tribe submits these comments as both a major stakeholder and as a sovereign government with a critical need to supply reliable and affordable electricity services to support its economic development activities and government operations. As a result, the Tribe is committed to ensuring that the future of electric utility services to the Coachella Valley reflects these values.

BACKGROUND OF THE TRIBE

To understand the Tribe's comments, it is important to understand at least some of our history. The Twenty-Nine Palms Band of Mission Indians is a federally recognized Native American tribe headquartered on its Reservation lands in the Coachella Valley. We are descendants of the Chemehuevi people, a peaceful and nomadic Tribe whose territory once covered parts of California, Utah, Arizona, and Southern Nevada. Our Reservation lands were first established by the Executive Order of 1895 in Twentynine Palms, San Bernardino County, and an additional Reservation was patented in 1910 in Coachella, Riverside County, where our current governmental operations are located. However, our ties to this and the surrounding land go back much further.

The Tribe began as hunter and gatherers, initially inhabiting a vast region, whose territory once spanned four states. As experienced by most Indian tribes, eventually the Tribe was forced to cease their hunting and gathering and forced away from our lands and traditional practices. Small groups of the Chemehuevi lived throughout the Mojave Desert between the Colorado River and

the contemporary town of Twentynine Palms before settling at the Oasis of Mara in Twentynine Palms in the 1860s. However, in 1875, the State of California filed a claim on the entire Oasis, ignoring the aboriginal rights of the Chemehuevi to their homelands. Shortly afterward, the State of California sold the Oasis of Mara to the Southern Pacific Railroad, all without the permission or knowledge of our people.

While the government permitted the Tribe to stay near the Oasis for a number of years, in approximately 1909, the Tribe moved to the Coachella Valley, where we had a close association with the area and people of the area. Indeed, members of the Tribe had worked on ranches in the eastern side of the Coachella Valley for many years prior as a source of income for the Tribe.

Following this move to Coachella, the United States issued a trust patent jointly to the Tribe and the Cabazon Band of Mission Indians for this Reservation. In the 1970s, the Reservation was divided between the Tribe and the Cabazon Band, with Twenty-Nine Palms Band of Mission Indians taking control of approximately 210 acres. The Tribe petitioned Congress to create the Twenty-Nine Palms Reservation from the 210 acres, which was completed in 1975.

Today, the Tribe has established business enterprises and governmental operations on its sovereign lands, with Spotlight 29 Casino and the Tribal Government Offices headquartered in the city of Coachella, and Tortoise Rock Casino near the town of Twentynine Palms. The Tribe provides employment to over 700 people, contributes to the community through charitable contributions, and maintains a strong government-to-government relationship with neighboring cities, counties, the State of California and the federal government.

COMMENTS TO LAFCO STUDY

I. Consider Additional Information on Tribal Participation in Energy Provision

The Tribe submits the following general comments to the LAFCO Study and its need to include the participation of Indian tribes as a critical component of governance and energy provision:

A. Incorporate additional analysis and recommendations related to the ability of a tribal government to participate in the proposed governance structures.

The LAFCO Study takes an unnecessary and limited view of the ability of Indian tribes to participate in a governing body. For instance, Option 1.D – “Coachella Valley Parties Establish a Joint Powers Authority with IID” – states that “California Indian Tribal governments can join JPA’s with legislative permission” but does not provide any information regarding what type of legislative permission is required or the likelihood of receiving such permission, among other things.

B. Incorporate additional analysis and recommendations related to the benefits and impacts that each governance structure would have on tribes.

There is little to no information in the study that addresses how Indian tribes would or could be impacted. Indian tribes are major community stakeholders and energy users. Tribes maintain

strong government-to-government relationship with neighboring cities, counties, the State of California and the federal government and, in many cases, consultation with Indian tribes is a requirement of state and federal law.

C. Consider tribal participation in energy generation and delivery.

Indian Tribes are valuable partners, not only on governance matters, but on opportunities for energy generation to service the Coachella Valley. Tribes benefit from unique opportunities, including dedicated lending from the Department of Energy, as well as permitting and regulatory opportunities that are not available to non-tribal entities.

II. Comments to Each Governance Alternative

The Tribe submits the following comments specific to each governance alternative identified in the LAFCO Study:

A. Governance Option 1.A (at p. 46) – “Maintain status quo”

Without question, the Tribe opposes any path forward that puts the Imperial Irrigation District (“IID”) in direct and predominant charge of delivering power to the Coachella Valley. As you know, IID has historically opposed any form of local representation on its Board of Directors and, as a result, the Coachella Valley and Indian tribes remain its lowest priority. This option maintains the existing service and governing structure controlled by IID. It relegates Coachella Valley stakeholders to a limited advisement capacity to the IID Board, without actual representation or governance input. Moreover, funding for upgrades to the Coachella Valley service area would be provided directly by the stakeholders, including Tribes, without addressing their lack of representation.

As a major Coachella Valley stakeholder, under the status quo, the Tribe would continue to be excluded from direct governance in, or representation on, or participation in the provision of electrical service. In short, Option 1. A does not respect tribal sovereignty and does not ensure adequate representation of tribal governments nor open the door to possible tribal participation. The Coachella Valley would be better served by a locally represented cooperative utility and the Tribe can and should be a critical partner on long-term planning for how power is delivered to the eastern Coachella Valley.

The Tribe strongly submits that this is not a viable option.

B. Governance Option 1.B – “Annex Coachella Valley service territory into IID”

Although this option has the potential to address representation of Coachella Valley stakeholders, it has been aggressively opposed by IID historically and currently in response to the LAFCO Study. Expanding IID’s influence and territory under this option would likely continue the adversarial nature between IID and the Coachella Valley stakeholders. Moreover, it does not create sufficient room for tribal representation or involvement, as the Tribe would likely be subsumed within the redistricting allowed under this option.

C. Governance Option 1.C – “Create IID sub-Board of Directors to provide oversight on all electrical service provisions related to Coachella Valley, and establish an electrical service jurisdictional boundary for IID’s Coachella Valley service territory”

This option raises the same concerns as Options 1.A and 1.B. The Tribe would still lack direct governance control, or representation in, or participation in the provision of electrical service to its lands, particularly because the sub-Board would still answer to IID, who has opposed any local input in its governance.

D. Governance Option 1.D – “Coachella Valley Parties Establish a Joint Powers Authority with IID”

Although this option presents certain aspects that would ensure local representation, IID and the Coachella Valley Parties’ interests remain largely at odds, which could severely curtail the opportunities for consensus on decision-making and accountability to ratepayers.

E. Governance Option 2.A – “Dissolution and merger with an Investor-Owned Utility”

The Tribe strongly opposes consideration of merger with an Investor-Owned Utility, as it would exclude local participation in utility elections. Critically, this option would substantially increase utility rates and fees, and capital investments to improve electrical facilities would be uncertain and within the Investor-Owned Utility’s control.

F. Governance Options 2.B, 2.C, and 2.D. – New Public Utility District, Vertically Integrated Public Utility District, Community Choice Aggregation

For purpose of this comment letter, the Tribe generally supports further exploration of these options, as they each provide stakeholder representation and independence from IID. As discussed below, the Tribe requests that LAFCO incorporate additional information and analysis on these options, as they create substantial financial considerations and long-term planning. Additionally, the Tribe requests that each of these options explicitly include participation by shareholder Tribes.

III. Comment Regarding the Lack of Financial Analysis

The lack of financial information as it relates to IID’s assets and capital improvements to the Coachella Valley service territory disheartens the Tribe. Such information is critical to evaluate each stakeholder’s analysis and comment on the available alternatives. Withholding such information and analysis will only support a status quo approach and undermine further exploration of alternative Governance Options. The Tribe requests LAFCO to continue to pursue and develop such information without further delay.

CONCLUSION

On behalf of my Tribe, I thank you for your consideration of our comments on the LAFCO Study, and once again, thank you for your efforts thus far. Please do not hesitate to contact me with any questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads "Darrell Mike". The signature is fluid and cursive, with the first name "Darrell" and the last name "Mike" clearly distinguishable.

Darrell Mike, Tribal Chairman
Twenty-Nine Palms Band of Mission Indians



October 13, 2023

Stephen Dopudja, P.E.
President
Dopudja & Wells Consulting
6789 Quail Hill Parkway, #421
Irvine, California 92603

RE: Coachella Valley Energy Commission's Comment Letter on the Draft Alternative Governance and Electrical Service Study

Dear Mr. Dopudja,

The Coachella Valley Energy Commission (CVEC) appreciates the opportunity to provide comments on the governance alternatives analyzed in the joint Imperial County and Riverside County LAFCOs draft "Alternative Governance and Electricity Service Study" (Study) published in March of this year. This letter contains the Commission's collective observations and preferences related to each alternative provided in the Study, and builds upon CVEC's comments in our February 10, 2023 letter (February Letter).

Option 1.A — "Maintain Status Quo"

The February Letter identified five governance principles developed through consensus by CVEC membership. The first of these principles states, "*The status quo is not a sustainable long-term option.*" It is the consensus of CVEC that there is a need for an alternative governance structure that is adaptable and that recognizes the unique needs of the Coachella Valley, which is not best achieved by maintaining the status quo in the long-term.

Option 1.B — "Annex Coachella Valley service territory into IID and adjust jurisdictional boundary"

Principles 2 and 5 contained in the February Letter state that "*[n]o option can alter the IID Board of Directors' governance or governance structure related to water and energy service in Imperial Valley and should be focused on establishing appropriate governance by and for Coachella Valley energy ratepayers*" and that "*[t]he most effective manner of achieving the greatest benefit to ratepayers and affected stakeholders is through consensus-based solutions.*" While the annexation of the Coachella Valley portion of the IID jurisdictional boundaries may appear, on its face, a simple way to afford representation to Coachella Valley ratepayers, this approach would both alter the IID Board's governance over water and energy service in the Imperial Valley and is an



approach that IID has made clear it could not support — and thus would not constitute a consensus-based solution.

Over 60 percent of IID’s energy customers reside in the Coachella Valley. By annexing the Coachella Valley into the IID jurisdictional boundary, Coachella Valley energy ratepayers would have a majority vote on all IID matters, notably including water issues. Coachella Valley stakeholders have expressly stated their disinterest in water related matters and that the interest of the Coachella Valley stakeholders is solely related to electrical services, not water. Annexing the Coachella Valley service territory into the IID jurisdictional boundary does not align with the views of Coachella Valley stakeholders and would lead to undesirable outcomes for IID and its Imperial Valley water and energy stakeholders.

Option 1.C — “Create IID sub-Board of Directors for Coachella Valley electrical service oversight”

Although the creation of a sub-Board of Directors for the Coachella Valley would alleviate concerns related to Coachella Valley governance over IID water related matters, the structure creates complex reorganization and falls short of being the most effective alternative for true, effective representation and governance. A sub-Board may lack the necessary autonomy to make or influence meaningful decisions should the sub-Board make decisions that conflict with the views of the IID Board which could lead to confusion, inefficiencies, and political tensions in effectively implementing the oversight recommendations of the sub-Board. A sub-Board would likely make IID’s governance structure more complex and potentially lead to unclear roles and responsibilities, while at the same time would fail to adequately address Coachella Valley stakeholder desires to achieve greater levels of autonomy over various decisions where a sub-Board, innately, would be subordinate to the IID Board. Ultimately, this option may not be well-integrated into the overall governance framework, leading to fragmented approaches to decision-making and oversight while frustrating, rather than alleviating, concerns regarding appropriate Coachella Valley representation.

Option 2.A — “Dissolution and Merger with Investor-Owned Utility”;

Principle 2 of the February Letter states, “*Any governance option in the future must maintain publicly owned and operated energy service.*” Merging with an investor-owned utility (IOU) is counter to one of the key principles agreed upon by CVEC, which is to ensure that the preferred governance option maintains publicly owned and operated energy service. There are significant disadvantages associated with merging with an IOU, including, but not limited to, loss of local control over policies, rates, and overall service quality. Moreover, IOUs are profit-driven entities, which can negatively impact affordability



for the many low-income and disadvantaged communities in IID's electrical service area. CVEC priorities include local control over policies, programs, and rates, to be able to tailor electrical services to meet the unique needs of the electrical service customers in the Coachella Valley and Imperial Valley.

Option 1.D — “Establish a Joint Powers Authority”

Option 2.B — “Form a New Public Utility District with specific roles”

Option 2.C — “Form Vertically Integrated Public Utility District”

Option 2.D — “Form a Community Choice Aggregation”

For options, 1.D and 2.B – 2.D, our comments are merged here as they largely echo those in our February Letter.

Many CVEC discussions to date have centered around the suitability of a Community Choice Aggregation (CCA) style model for the Coachella Valley. In Investor-Owned Utilities (IOUs) across California, local not-for-profit CCAs have been established by local governments to pool together electricity load to purchase energy and develop local projects and programs for residents and businesses. In this model, the locally governed CCAs work in partnership with the region's existing IOU, which continues to deliver power and maintain the grid. Similarly, regional energy networks (RENs) have been established in the footprint of IOUs to allow for local governance over the spending of public benefits charge funding which is collected as required by state law primarily for energy efficiency and low-income programs. At a high level and in the abstract, CVEC has found both examples instructive in concept as they allow for greater levels of local and regional governance over areas of customer and community interest within the footprint of an existing energy utility.

CVEC supports alternative governance structures that most strongly align with the foundational objectives outlined in the study. As identified in the study, a JPA and a Municipal Utility District (MUD) meet the most foundational objectives, making these governance options top priorities for consideration. As such, CVEC recommends that further due diligence efforts focus on determining which of these two governance options are most viable, to address representation and governance of the Coachella Valley.

CVEC has contemplated that an independently formed JPA entity may be a suitable governance structure. Membership of a JPA board could be similar in nature to the composition of CVEC in that it would include cities, tribes, and counties in the greater Coachella Valley portion of the IID energy service area. A JPA formation agreement approved between willing, contracting local agencies would define the membership and the powers to be exercised, which could be amended and expanded from time to time as the JPA more fully develops over the years.



Once a JPA agreement is developed between participating cities, Tribal Nations, counties, and IID, the JPA would be formed. As a locally controlled governing board, the JPA would entail public board meetings and decision-making and be accountable and responsive to the community and local public agency needs specific to the greater Coachella Valley area. A JPA formed as a new entity with independent legal rights and responsibilities, including the ability to enter into contracts, hold property, and other purposes would allow for shared resources and expertise, economies of scale, flexibility and adaptability related to partnerships, reduced duplication of efforts, risk sharing, effective regional planning, enhanced accountability, and long-term sustained collaboration. Overall, a JPA can be an effective tool for regional cooperation, leveraged resources, and achievement of shared objectives.

CVEC sees the benefits of this structure as providing significant flexibility to member agencies to shape and mold the purpose and role of the JPA over time while building upon the collaborative framework and relationships established through the transitional CVEC process. As a positive example, the City of Indio and IID have formed a JPA to enable the financing of distribution infrastructure required for new growth and development and achieve associated benefits, such as reliability and redundancy. While this JPA is limited to the purpose of financing infrastructure necessary for new developments, CVEC believes the operational experience gained from the process of forming and operating this JPA can and will be useful for the formation and operation of a JPA for local governance purposes in the greater Coachella Valley.

CVEC has also discussed the formation of a MUD as another alternative. The Municipal Utility District Act, as codified in California Public Utilities Code section 11500, governs MUDs. Under the Act, MUDs are public agencies authorized to provide electrical service, formed by a public vote, and are governed by a publicly elected board of directors. Two MUDs providing public power service in California include the Sacramento Municipal Utility District (SMUD) and the Lassen Municipal Utility District (LMUD). We would note that only an MUD can be formed to cover the greater Coachella Valley portion of the IID energy service area, and not a Public Utility District (PUD) as MUDs are authorized to serve cities and unincorporated areas whereas PUDs may only serve unincorporated areas.

Political representation has long been a theme in the Coachella Valley regarding the electrical service provided by IID. The popular election of the formation of an MUD and the election of directors to an MUD's board provide opportunities for the most direct representation of ratepayers. However, CVEC also acknowledges potential challenges associated with an MUD as an alternative. First, current elected officials (namely city council members) would likely be unable to sit on the MUD board of directors due to



incompatibility of offices. CVEC views the participation of current and future elected council members as valuable to decision-making processes regarding electrical service in the region, and some current elected officials have expressed interest in also serving under a successor governance structure. We also acknowledge that a JPA would provide greater opportunities for tribal inclusion compared to an MUD. A JPA allows flexibility in its membership composition whereas an MUD is limited to a popularly elected board in which Tribal Nations, limited in population, are at a disadvantage to have access to a seat at the table.

After reviewing options 1.D, 2.B – 2.D, CVEC established a consensus that an independently formed JPA option may likely offer optimal outcomes as a governance structure of all the alternatives considered, but that an MUD should also be considered and similarly studied moving forward.

CVEC requests that the final study incorporates recommendations pertinent to financial considerations and variables that may be associated with the JPA and MUD options as the two most feasible and viable options. We also request additional analysis and recommendations related to policies and procedures that should be considered for implementing a JPA and MUD. This should also include, but not limited to, the need for enacting legislation to provide the ability of a county to participate in a JPA structure, and the procedural steps that would be necessary to form an MUD. Additionally, CVEC requests the final study include recommendations for next steps, such as a process and criteria to determine cost-effectiveness and efficient implementation of governance options. Through these recommendations, CVEC can have guided direction to weigh benefits, risks, and rate impacts when determining the preferred governance option that is most appropriate and beneficial to address representation on IID electrical matters for Coachella Valley customers.

In closing, CVEC appreciates your acknowledgement of our efforts in Section 9.5 of your report, and we look forward to using the final study to aid our ongoing discussions and engagements. We appreciate the opportunity to work with your team, the Imperial County and Riverside County LAFCOs, and affected stakeholders throughout this process. If you have any questions, please contact Susie Carrillo at SCarrillo@IID.com or (760) 604-1029, or Emmanuel Martinez at emartinez@cvaq.org or (760) 346-1127.

Sincerely,

A handwritten signature in black ink, appearing to read "J.B. Hamby".

J.B. Hamby
Chairman

A handwritten signature in black ink, appearing to read "Joseph Mirelez".

Joseph Mirelez
Vice Chair

A handwritten signature in blue ink, appearing to read "Linda Evans".

Linda Evans
Vice Chair



cc: Augustine Band of Cahuilla Indians
Cabazon Band of Cahuilla Indians
City of Coachella
City of Indio
City of La Quinta
Coachella Valley Association of Governments
Coachella Valley Water District
County of Imperial
County of Riverside
Cove Communities Services Commission
Imperial Irrigation District Board of Directors
Torres Martinez Desert Cahuilla Indians
Twenty-Nine Palms Band of Mission Indians
Imperial County LAFCO
Riverside County LAFCO

Gary Thompson

From: Ed Luna <leo9hrt@gmail.com>
Sent: Sunday, October 15, 2023 8:37 PM
To: LAFCO Information; Gary Thompson
Subject: Fwd: Alternative Governance & Electricity Services Study - Imperial Irrigation District

Ed Luna
Mecca California

Begin forwarded message:

From: Ed Luna <leo9hrt@gmail.com>
Date: October 15, 2023 at 7:15:14 PM PDT
To: lafco.riverside@gmail.com
Subject: Alternative Governance & Electricity Services Study - Imperial Irrigation District

Dear Sir;

It is with gratitude for the opportunity that I submit my comments on the matter referenced above.

Comments will respectfully attempt to adhere to that part of LAFCO, which states it's purpose and authority to assure "the financial ability of agencies to provide services, opportunities for shared facilities, and [sustainable] efficiency, and governance structure alternatives."

A. I would urge LAFCO to suggest to the Coachella Valley's electrical customers, other IID stakeholders _as well as the supervisor of District Four_, to read, analyze carefully, and consider the text and summary of IID's letter of August 30, 2023, to the firm Dopudja & Wells Consulting.

Specifically, the context and potential impact of Item 'II' regarding clarification of the 1934 Compromise Agreement between IID and CVWD.

B. Essentially, a review of the other already submitted comment letters (CVEC, The City of La Quinta, 'ERA', and the County of Riverside), suggests the following:

Said stakeholders appear to have overlooked, or choose to ignore the factual realities should a "termination" of IID's leadership and governance be transferred to insufficiently trained, ill-prepared, and / or financially incapable municipalities, or enterprises.

Indeed, the overall issue of energy production, delivery, service and governance is one of great complexity.

It is my opinion that as regards to growth and development within the Coachella Valley, an energy governance system should not be founded nor confined to the sole principle of expediency for both.

Most importantly, the public's interest must not at any time, nor in any way become subordinate to municipal or county's energy governance ambitions which appear to be focused principally on a vision of same as source for increased revenue.

May I request of your office and officers, to recommend and vote in favor of preserving the IID's role as continued principal energy governance structure for the future and beyond the year 2033?

Respectfully submitted,

Ed Luna
Resident, 91-306 3rd Street
Mecca California

Telephone: (760) 702-7876
Gmail: leo9hrt@gmail.com

Mail: Edward G Luna
P. O. Box 13063
Palm Desert, California 92255



take center stage

October 5, 2023

Gary Thompson, Executive Officer
Riverside County Local Agency Formation Commission (LAFCO)
6216 Brockton Avenue Suite 111 B
Riverside, CA 92506
gthompson@lafco.org
info@lafco.org

RE: ALTERNATIVE GOVERNANCE AND ELECTRICITY SERVICES STUDY - IID

Dear Mr. Thompson,

Thank you in advance for the thoughtful consideration of this comment letter sent by the Indio City Council in response to the Draft Alternative Governance and Electricity Services Study (the Draft Study) – Imperial Irrigation District (IID), prepared by Dopudja & Wells Consulting (Consultant).

As you know, as IID's largest customer base in the Coachella Valley, the City of Indio is very much interested in the governance and delivery of electric services after the 99-year Agreement of Compromise that granted IID the authority to be the electrical service provider for much of the Coachella Valley.

The City of Indio and IID have formed a joint powers authority, the Indio Electric Finance Authority (IEFA), that exemplifies the City's desire to collaborate with IID and to provide a "proof of concept" for how some critical electric infrastructure can be financed. However, the IEFA is not intended to be an entity that manages and operates the current IID electrical system within Indio.

With that said, the City has been involved and interested in the discussions held by the Coachella Valley Energy Commission (CVEC) regarding governance, particularly as it relates to what the governance and operational arrangement will be post 2032. CVEC's recent discussions have centered on two viable options mentioned in the Draft Study for governance and operations of the Coachella Valley area currently served by IID. These two options are: 1) the formation of a municipal services district (MUD); and 2) the formation of a joint powers authority (JPA).

The City of Indio concurs that these are the two most viable options to consider and respectfully requests that the Consultant be directed to incorporate into the final study a detailed review of financial considerations and operational variables that may be associated with the MUD and JPA options. The financial information already provided by IID should prove helpful to the Consultant in the review of financial considerations, including transitional costs and time frames for each option. Without a more thorough financial analysis, it is difficult to completely evaluate these governance options.

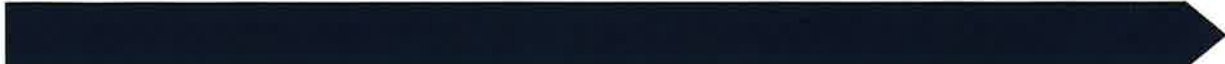
In closing, we thank you, the Consultant, and all others that have been researching this very critical issue for our communities here in the eastern Coachella Valley. We support a governance structure specifically for electrical/power service that is representative of and inclusive of the eastern Coachella Valley stakeholders and separate from the current IID board representing Imperial County stakeholders for both water and power. We would also like to see a governance structure that plans for and prioritizes ongoing maintenance of equipment, upgrading of outdated infrastructure, and proactive addition of substations as needed to ensure capacity to better serve existing ratepayers and new development.

Any questions regarding this letter and the discussions at CVEC, please contact Councilmember Waymond Fermon at wfermon@indio.org. Councilmember Fermon represents the City of Indio on the Coachella Valley Energy Commission.

Respectfully submitted,



Oscar Ortiz
Mayor





October 3, 2023

[Sent Via Email]

Stephen Dopudja, P.E.
President / C.E.O.
Dopudja & Wells Consulting
6789 Quail Hill Parkway, #421
Irvine, California 92603

RE: Eastern Coachella Valley Input for the Alternative Governance and Electricity Services Study: Imperial Irrigation District

Dear Mr. Dopudja,

On behalf of Leadership Counsel for Justice and Accountability and in partnership with community residents in the Eastern Coachella Valley (ECV), we respectfully submit the following comments in response to the March 2023 version of the “*Alternative Governance & Electricity Services Study – Imperial Irrigation District*” (the study).¹

Our advocacy has been centered around uplifting the interest of the unincorporated communities of the Eastern Coachella Valley, including Thermal, Oasis, Mecca, and North Shore, to ensure that the objectives and priorities of these underserved communities are incorporated, particularly in matters that directly impact community well-being and development. We ask that the following recommendations be fully incorporated into the expected November 2023 amended final study (final study).

1. The final study must include recommendations for ongoing residential customer engagement throughout the development of the alternative energy service and governance structure.
2. The final study must comprehensively outline and address the unique priorities of ECV customers.
 - a. The study must address ECV customers' vision for clean, reliable, and affordable energy service.
 - b. The study must address ECV customers' vision of a transparent and publicly accessible governance system with tailored representation.

¹ [Dopudja & Wells Consulting. *Alternative Governance and Electricity Service Study - Imperial Irrigation District*. \(2023, March\).](#)

3. The study does not adequately discuss potential barriers to the formation of a Joint Powers Authority. The final study's recommendations must adequately reflect the priorities and visions of residential customers.

* * * * *

1. The final study must include recommendations for ongoing residential customer engagement throughout the development of the alternative energy service and governance structure.

As stated in the study, a clear understanding of the needs of the entire electrical service territory is vital to properly identifying alternative services and governance options.² Therefore, the lack of accessible engagement and outreach to residential customers in the development of the study, particularly with regard to ECV residential customers, is a matter of significant concern.

We made multiple requests, both verbally and in writing, for the consultants to establish direct communication with the ECV community. Unfortunately, these requests were not given the appropriate attention, resulting in methods of input collection that were insufficient in capturing a comprehensive understanding of the lived experiences and priorities throughout the ECV. Consequently, the study is not based on a clear understanding of the region's needs and falls short in identifying potential alternative service and governance options that align with these needs.

The October 2022 Stakeholder Questionnaire was available only in English for 16 business days, limited to 55 stakeholders, and resulted in only 12 responses.³ To enhance transparency and engagement from residential customers, a shorter, more accessible version available in Spanish and Purepecha should be sent to all homes in the form of a comprehensive customer survey. Additionally, direct stakeholder outreach should include consultation with the Mecca/North Shore Community Council and the Thermal/Oasis Community Council, along with more community-centered and accessible discussions.

To ensure continued residential customer engagement, the study should explicitly outline additional engagement opportunities, processes, and strategies to be implemented throughout the development of a new governance and energy service structure. The outlined recommendations must be based on previously received comments and reflect lessons learned to date.

²[Dopudja & Wells Consulting. *Alternative Governance and Electricity Service Study - Imperial Irrigation District*. \(2023, March\) Pg 40.](#)

³[Dopudja & Wells Consulting. Distributed stakeholder questionnaire template. "IID Energy Questionnaire". \(2022, October 7\).](#)

2. *The final study must comprehensively outline and address the unique priorities of ECV customers.*

The final study must, “assess each alternative option against criteria that has been established by local stakeholders.”⁴ While the study does present a range of alternative options with a general discussion of governance and service structures for each, it falls short of incorporating local stakeholder priorities and objectives, and of presenting subsequent recommendations. The failure to incorporate the priorities of ECV residential customers, coupled with insufficient efforts to directly engage with these residents, raises significant concerns about the omission of essential community input. This issue is particularly worrisome because the ECV’s experience with energy service and governance is unique compared to the rest of the region. The ECV is comprised of unincorporated disadvantaged communities impacted by various social and environmental challenges, including increased vulnerability to power outages during extreme weather events and energy affordability insecurity.

Given the unique needs of ECV communities, it is imperative that the final study comprehensively address these disparities in order to ensure equitable and sustainable energy solutions for the whole region. The following is a summary of the priorities of ECV residents and customers whom we work alongside on the topic of energy service and governance. These priorities must be reflected in the final study.

a. *The study must address ECV customers' vision for clean, reliable, and affordable energy service.*

A top priority for ECV residents is to ensure the region’s future energy service and governance structure is capable of providing clean, reliable, and affordable energy. As California increases its renewable energy portfolio, ECV residents require an energy service with the capability to keep up with the state’s clean energy goals and regulations while ensuring that energy remains affordable and avoiding harm to disadvantaged communities. Projects of interest include public lighting powered by solar energy, localized clean energy sources like microgrids, and home weatherization. Moreover, residents want to see the IID transition entirely away from polluting energy sources such as the Desert View Power Plant, which was recently issued a Notice of Violation from the U.S. Environmental Protection Agency Region 9 for violating the Federal Clean Air Act.⁵

In recent years, the region has experienced both short-term and prolonged power outages due to deteriorating energy infrastructure that cannot withstand increasingly frequent and extreme

⁴ [Dopudja & Wells Consulting. *Alternative Governance and Electricity Service Study - Imperial Irrigation District*. \(2023, March\) Pg 2.](#)

⁵ [Janet Wilson. Article published in Desert Sun regarding the EPA Notice of Violation received by Desert View Power Plant. "Illegal levels of mercury and more emitted from east valley power plant, feds say". \(2023, August 8\).](#)

weather conditions. As these weather patterns are expected to intensify in the coming years, residents are in need of an energy service that not only aligns with their environmental goals, but that also provides the necessary infrastructure upgrades and dependable energy service in the face of extreme weather conditions.

Further, in August 2023, IID energy customers saw their energy bills double and triple due to volatile market conditions and extreme weather events that drastically impacted energy rates. ECV energy customers have long experienced a lack of transparency and unsettling fluctuations in monthly billing statements that cause severe financial strain. There must be a billing system that clearly communicates bill formatting and calculation in a transparent and accessible manner. In keeping with billing transparency and service affordability, it is imperative that the LAFCO study incorporate residential customer cost estimates for all governance options along with recommendations on cost-effective consumer billing structures, rate regulation, and oversight information.

b. The study must address ECV customers' vision of a transparent and publicly accessible governance system with tailored representation.

Future governance structures must prioritize key principles such as equity, public accessibility, and transparency. ECV residents have consistently emphasized the pressing need for tailored representation, as described in previous comments to the Coachella Valley Energy Commission⁶ and IID.⁷ To this end, governance structures based on public elections by district are preferred. It is vital that we implement a voting system with eligibility based on IID customer accounts rather than exclusively registered voters. This approach ensures that no customer is unrepresented due to their citizenship or renter status. Additionally, we strongly encourage a recommendation that all members of any future committee or governing board make a concerted effort to visit the ECV in order to gain a comprehensive understanding of the unique needs of the community, regardless of whether they directly represent the ECV.

For the sake of improved public engagement and accessibility, future governance structures must emphasize the significance of community workshops and engagement initiatives. At a minimum, options should offer public engagement opportunities such as community workshops, the employment of Community Outreach Liaisons, and the establishment of a Disadvantaged Communities Advisory Group, among other opportunities for the public to engage with and shape energy governance. Community members should also have the chance to provide public

⁶ [Eastern Coachella Valley Residents. Letter to the Coachella Valley Energy Commission supporting the appointment of two ECV representatives. "CVEC Comment". \(2021, October\).](#)

⁷ [Janet Wilson. "Illegal levels of mercury and more emitted from East Valley power plant, feds say". \(2023, August 8\). Leadership Counsel for Justice and Accountability and Eastern Coachella Valley Residents. Letter to Imperial Irrigation District's Board of Directors. "RE: Community concerns regarding representation on Imperial Irrigation District's Board of Directors and energy in the Eastern Coachella Valley". \(2021, July 13\).](#)

comments, with a robust follow-up mechanism in place to ensure meaningful incorporation of comments received. Furthermore, there is interest in a long-term commitment to a system that allows for periodic re-evaluation and potential alterations to ensure that our community's evolving needs are met.

3. The study does not adequately discuss potential barriers to the formation of a Joint Powers Authority. The final study's recommendations must adequately reflect the priorities and visions of residential customers.

Under Governance Option 1.D, the study evaluates the establishment of a Joint Powers of Authority (JPA). While this alternative may have merit, the study fails to adequately consider potential barriers to the formation of a JPA in this circumstance and to a JPA's ability to govern electricity generation, transmission, and distribution in the Coachella Valley. Specifically, the study lacks analysis of the applicability of the "common powers rule," which restricts the authority of a JPA to a "power common to the contracting parties."⁸ The study should be revised to evaluate which public agencies in the Coachella Valley (if any) have active or latent powers related to the generation, transmission, and distribution of electricity.

The final study must include a comprehensive and detailed discussion on each alternative option's impact on stakeholders, its alignment with community objectives, and recommendations on the most effective ways to align with community goals. This will enable Imperial Irrigation District (IID) service customers to make more informed assessments and actively participate in the development of an alternative energy service and governance structure.

* * * * *

ECV residents we work with support the establishment of an energy governance and service system that is democratic, accessible, representative of their needs, and resilient to worsening regional weather conditions. This system must ensure affordable, clean, and dependable energy for the region's future while addressing the increasing energy demands driven by population and industrial growth, worsening weather patterns, and the shift to clean energy sources.

We look forward to further engagement and collaboration. Please reach out to Krystal Otworth at kotworth@leadershipcounsel.org with any follow-up inquiries.

Sincerely,

⁸ Gov. Code, § 6502; *see also* *Crawley v. Alameda County Waste Management Authority* (2015) 243 Cal.App.4th 396, 412.

Krystal Otworth
Policy Advocate
Leadership Counsel for Justice and Accountability

CITY OF COACHELLA COMMENTS ON JOINT LAFCOS IID STUDY			
STATEMENT IN STUDY	PAGE NUMBER/TABLE	CITY COMMENT	IID Energy Study Response/Action
"To facilitate the acquisition of CEPC facilities in Coachella Valley, CVWD agreed to deliver 80 percent of all electricity customers in Coachella Valley to IID."	Section 4.3, pg 9	It is not clear what the citation is to this statement and why the Study connects the 1934 Compromise Agreement to CEPC acquisition.	Study has been updated to reflect the the correct citation. The eighty percent service agreements is a condition per the 1934 Agreement of Compromise.
"Authorized IID to sell electricity in CVWD's territory."	Section 4.3.2, pg. 10	This conclusion is not supported by the agreement.	Section 17 indicated that when IID is ready to serve power in Coachella Valley. Study was updated to reflect IID ability to service vs. providing authorization.
IID Budget Summary by Category	Table 4.3	<p>Table 4.3 is not helpful. If the Coachella Valley is 61% of IID electric service, more specific information re that service needs to be provided. Table 4.3 only shows IID's total ED budget, which includes CV and IC. Additional tables should be added showing the 2022 Project Actual, 2023 Budget, and 2024 Budget for the 61% of CV customers only. This is necessary so CV officials can see how much revenue and funding is coming from CV customers are compared with IC customers.</p> <p>Table should include Expenditures for CV customers, so public can determine what the projected revenue and expenditures would be for CV s that any decisions to form separate governance structures are based on sound financial inputs and business decision.</p>	Limited to no information specific to IIDs Coachella Valley was available as IID assessments are performed as a "integrated-whole" and not disaggregated by jurisdiction. Additional data was provided by IID in Sept 2023 and included as part of the final study.
2018 IRP data	Section 4.4	The numbers from the IRP and a detailed list of infrastructure should be broken out. IID has provided rough numbers for what is needed for infrastructure and generating projects, but those numbers should be distilled down into specific MWs, projects and sub-regions within the valley.	Limited to no information specific to IIDs Coachella Valley was available as IID assessments are performed as a "integrated-whole" and not disaggregated by jurisdiction. Additional data was provided by IID in Sept 2023 and included as part of the final study.
Discussion re CVWD not providing electric service	Section 5.1 and 5.1.1	The discussion could clarify that CVWD is a county water district and does not have legal authority to provide electricity.	Clarification was provided.
"No other entity can provide can provide electric distribution services in the IOU's service territory."	Section 7.1	This statement is incorrect. Cites have constitional rights to provide electric service and can form within an IOU's territory. Municipal utilities throughout Riverside County have formed as spot utilities. In addition, franchises provided to IOUs are competitive franchises under the Public Utilities Code and can be competitively bid like was recently done by the City of San Diego.	Study was updated to reflect competitive franchise bids within IOU territory.
"These entities tend to be large organizations that take advantage of economies of scale."	Section 7.1	The size of the three IOUs is unique to California. Also, reference to Arizona Public Service should be removed.	Acknowledged and no edits made to study as these are provided for reference only.
Discussion of municipal utilities and PUDs	Section 7.2	Discussion re municipal utilities and public utility districts should be broken out. The discussion conflates the three entities and their requirements	The study was revised to overview the various public ownership models.
Definition of "public utility"	Section 7.3	The definition of "public utility" is incorrect. A public utility is an IOU and has a distinct legal definition. Study intends to mean "publicly owned utility" or "municipal utility."	Correct and the study was clarified to reflect publicly owned models.
Statutory authority of a PUD	Section 7.3.1	This section conflates water districts with special districts with PUDs, all of which depending on the type of district has different statutory authority.	The various legal forms of each publicly operated ownership model all share the same attributes. Section 7 provides an overview of the general characteristics of publicly owned utilities. Depending on the alternative option desired by Coachella Valley, the specific statutory requirement can then be identified.
Special taxes	Section 7.3.2	CFD is a Community "Facilities" District.	Acknowledged and updated.
	Section 7.3.5	Discussion of PUDs should be accompanied by examples or a chart and discussing when formed and how it's comprised.	Formation procedures were included in the study for the various public ownership models.
Electrical Cooperatives	Section 7.4.1	Electric cooperatives are private entities formed and operated by the customers of the service. We do not understand how this furthers the Study. If left in, Study should be clear that this isn't an option.	All of the alternatives identified in the study attempt to encompass all possible options available to Coachella Valley. Depending on the desire of the various members, any of the proposed alternatives could be considered. As for this option not being an option will be dependent by the parties as they further discussion on key considerations in roles and responsibilities.

CCA	Section 7.5	CCAs are clearly defined as cities, counties or cities and counties that form a Joint Powers Authority, among others that have obtained special legislation.	Acknowledged and example CCA have been provided in the study for reference.
"Specific geographical area"	Section 7.5	This statement is incorrect. While CCAs serve a particular area, their service is non-contiguous and is the territory of whatever member joins a CCA JPA, for instance.	Acknowledged and clarification was provided to not be specific to a city or county territory.
Cities and counties served by a POU cannot be served by a CCA	Section 7.5	This is not necessarily a correct interpretation. IID provides service to the Coachella Valley outside its service territory. A CCA could likely form in this area. Also, special legislation could be obtained as has been done by other entities like water and conservation districts.	Clarification was provided as for the possibility of an CCA being formed for customers serviced outside of the underlying electrical service jurisdiction, with the need to seek legal advisement on legal authority.
"Most municipal utilities and PUDs often partner together to form a JPA."	Section 7.5	The only two examples of this is SCPPA and NCPA.	Acknowledged and example structures were identified in the study.
"The agencies are legally distinct municipal corporations . . ."	Section 7.5	Joint powers authorities are not "municipal corporations."	Study has been updated to reflect that members of a JPA are legally distinct.
JPA exercise of powers	Section 7.6.1	Paragraph should clarify that JPAs are formed to issue debt, reduce liability to the member agencies and general funds, and/or exercise a common power of the members to provide a regional service.	Acknowledged and additional clarification has been provided.
JPA	Section 7.6	There is no discussion about the legal requirement that JPAs can only be formed if they exercise a common power of the member. A JPA cannot in and of itself provide electric service, for instance. Also, a JPA must state the purposes for which it is forming and the powers it will exercise. All JPAs in that respect can be different, and since they are formed by contract, the governance and powers will depend on the contract the members agree to. It is not enough to simply analyze a JPA without discussing the type of JPA that is proposed to be formed. For instance, the IID-Indio JPA is purely a financing mechanism. The JPA agreement expressly states that it cannot be used to provide power. Therefore, it may or may not be an alternative governance option.	Acknowledged. The Study has presented this alternative structure for further consideration. To date, its unknown what the desired roles and responsibilities are for each of the members. Therefore, the study offers considerations that allow for the members to continue collaboration as key considerations are determined, such as level of control/risk associated with electricity service. Clarification of the types of JPAs is included in the study and this alternative could potentially be combined with a CCA alternative or other. Parties should seek legal advisement on "common powers" for circumstances when service is provided outside of the underlying utilities jurisdiction.
Coachella Valley Upgrade Costs	Section 9.1	Statement is that \$500M is need for infrastructure and \$300M is needed for generation. There is no citation for these figures and more of a breakdown is needed.	Limited to no information specific to IIDs Coachella Valley was available as IID assessments are performed as a "integrated-whole" and not disaggregated by jurisdiction. Additional data was provided by IID in Sept 2023 and included as part of the final study.
IID did not provide data	Section 9.1	Statement that limited data received from IID should be explained. What was requested specifically? What was denied and why?	Limited to no information specific to IIDs Coachella Valley was available as IID assessments are performed as a "integrated-whole" and not disaggregated by jurisdiction. Additional data was provided by IID in Sept 2023 and included as part of the final study. As stated in the study, parties will need to understand how best to approach data needs for future financial evaluations and the need to pursue independent studies/evaluations to determine estimates for Coachella Valley assets and costs. A section was added to the Study outlining the items requested from IID and each stakeholder.
Governance Option 1.A	Section 9.2.1	Sentence regarding CVEC should clarify in governance terms that it is an advisory body to the IID Board the same as any city committee. It has no other authority or weight in its decisions or recommendations.	Acknowledged and clarification was provided explaining CVECs current role.
Governance Option 1.B	Section 9.2.1	Clarification is needed why this option would result in the termination of the Compromise Agreement. Some history or background on the prior discussions on this option should also be provided so there is context provided.	The study has been updated to reflect that that only condition of the Agreement of Compromise to terminate is the Lease of Power rights per Section 17 and independent of any considerations Coachella Valley parties pursue regarding alternative electricity service and/or governance options. All other aspects of the agreements would remain.
Governance Option 1.C	Section 9.2.1	Some history or background on the prior discussions in the Coachella Valley should be provided. Statement that this option would reduce the legal complexity of the 1934 Compromise Agreement, but there is no analysis what this means	The study has been updated and statement was removed as no supporting information has been provided. The statement was initially included as this alternative would eliminate the need to negotiate provision under the agreement.

Governance Option 1.D (JPA)		<p>Statements that JPA has the most flexibility on governance. The study needs to explain that the JPA option is entirely dependent on what the JPA is set up for and what purposes and powers are given it by the members in the joint powers agreement.</p> <p>A JPA cannot in and of itself provide electricity unless it is exercising the common powers of its members and there is a legal basis to do so. For instance, the IID-Indio JPA is strictly a debt financing JPA. The JPA agreement states that the JPA itself cannot provide electricity. The JPA establishes the projects that will be financed within the City and is strictly a financing mechanism with no other governance over IID service to the Coachella Valley.</p> <p>The Study states that a JPA could enter into a power supply agreement with IID. This is not necessarily the case, the Indio-IID JPA expressly disallows the power to provided electricity, and therefore, power supply is not an option. We believe the Study is referring to model such as SCPPA or NCPA, which are JPA entities that finance projects and PPAs for member municipal utilities. Thus, any JPA allowing for power supply with IID presumes that the members or the JPA itself is providing electricity to the Coachella Valley.</p>	<p>Acknowledged and clarification has been provided explaining the different JPA arrangements. This alternative option leaves the final JPA arrangement open as its certain what role Coachella Valley parties desire in electrical service, of it the JPA would be a standalone or combined with another alternative option, such as a MUD or similar publicly owned structure.</p>
Governance Option 2.A (IID Sale of System)		<p>This option should be relabeled as it would not be a "dissolution" or "merger." It is a sale of the system to an IOU.</p> <p>This option is unrealistic. It involves a willing buyer and seller to negotiate a purchase of IID's system in the Coachella Valley and when 61% of the system serves the valley. The Study should elaborate that the CPUC would need to approve the sale.</p> <p>Also, potential benefits include stakeholder participation in general rate case and other proceedings and ability for ratepayers to directly petition the CPUC for grievances and disputes. Study should clarify what reorganization, proceedings or special elections that would be required. It is likely that the only approval needed would be a vote by the IID Board and CPUC approval of the IOU purchasing the system.</p>	<p>Acknowledged and clarification has been provided outlining the need of the CPUC approval and general process.</p>
Governance Option 2.B (PUD or Special District)		<p>This option should specifically state the type of district being established since they can be formed in different ways and a PUD is one type of district.</p> <p>This option should clarify that the district would have oversight over generation and distribution (and possibly transmission, if owned or built).</p> <p>Eminent domain of IID's system should be added as one consideration.</p> <p>While a PUD could execute a power supply agreement with IID, it can also procure generation through PPAs.</p> <p>Option states that start-up costs could require higher rates than IID, but there is no financial information in the Study or other data to support this conclusion.</p>	<p>Acknowledged and clarification has been provided on the various publicly owned utility structures available for consideration. This alternative has been updated providing potential considerations when deciding the final structure for further evaluation.</p>
Governance Option 2.C (PUD or Special District Formed by a Stakeholder)		<p>Same comments as Option 2.B, plus the following:</p> <p>Formation of a PUD would not necessarily modify IID's service territory. First, a spot utility could be formed. Second, IID does not have an established service territory in the Coachella Valley.</p> <p>It is unclear under this option why parties would need to secure hydroelectric rights from CVWD</p>	<p>Acknowledged and additional clarification has been provide regarding the potential of formation of a spot utility. Regarding hydroelectric, the parties could have the opportunity to secure CVWDs proportionate share depending on outcome of negotiations and termination of Lease of Power rights under the agreement. Can be via power purchase agreement or similar arrangement.</p>
Governance Option 2.D (Community Choice Aggregator)		<p>A CCA may be able to form where IID serves.</p> <p>There is no Declaration to Pursue. A CCA files an Implementation Plan and Statement of Intent that is then certified by the CPUC.</p> <p>The CCA is allowed by law to provide the retail generation service while the incumbent utility continues to provide distribution and transmission services.</p> <p>The CCA has considerable control over programs and other funding.</p> <p>Financing is not limited and many banks have loaned considerable start-up funds in this space.</p> <p>There is not a "limited" amount of control.</p> <p>There are numerous statements on start-up costs and financing but there is no financial information in the Study to support these conclusions.</p>	<p>Acknowledged and clarification has been provided in the study as potential to form a CCA if outside of jurisdiction. Clarification will be added regarding limited control as only being for generation and procurement of power.</p>
	Section 9.4	<p>Study presents a lot of nationwide data but does not provide specific examples of or data from California. For instance, the vast majority of pubic agencies providing electric service is through a municipal utility. Also, the data in Table 9.2 would not be relevant for the JPA discussion.</p>	<p>Acknowledged. The intent of including the reference american power governance survey was to provide a general understanding of how various sized electrical utilities are governed and corresponding authorities to assist with defining each parties desired level of governance and/or service control.</p>

APPENDIX E: FINANCIAL DATA FOR THE COACHELLA VALLEY

From: Asbury, Jamie <jlasbury@IID.com>

Sent: Thursday, August 3, 2023 9:52 AM

To: Jason Pivovarov <jason.p@dopudjawells.com>; Hamby, JB <jbhamby@IID.com>

Cc: Jurg Heuberger <jurgh@iclafco.com>; Crystal Craig <ccraig@lafco.org>; Paula Graf <pg@iclafco.com>; Stephen Dopudja <Stephen.Dopudja@dopudjawells.com>; Gary Thompson <gthompson@lafco.org>; Quiroz, Sergio M <smquiroz@IID.com>; Holbrook, Geoffrey <gpholbrook@IID.com>

Subject: RE: CVEC Meeting Yesterday - financial data request

Good morning, Jason,

We are happy to provide information; it would be helpful to understand specifically what information would be beneficial for review.

If helpful, IID is now working on a new cost of service assessment. Attached is a presentation given by the consultant to the IID board on the retail component (other components are currently in process, including wholesale transmission access). If it is helpful we are happy to schedule a discussion with the consultant, Tony Georgis, to provide additional information and insight with regard to his assessment. In addition, data provided for his assessment may be helpful for purposes of your analysis. I have copied IID's CFO, Belen Valenzuela, for situational awareness and input as well. Past cost of service studies were commissioned by IID. As we previously discussed, IID did not take action on those assessments; one was never finalized beyond draft form (and we have not been able to locate the actual study, merely references to it), and the second was commissioned by counsel, making it attorney work product. Both of those assessments are now stale and do not reflect current system conditions. Further, my recollection is that we determined the purpose of the NDA was so that confidentiality of the study data was preserved, so it would not have been available for the LAFCO study in any event. The ongoing assessment will provide much better data as it accurately reflects current conditions and is publicly available for use.

Please let me know if you would like us to schedule a discussion with IID's consultant after your review of the attached. If there is data or information we can provide in the interim, please let me know and we will make it a priority.

Best regards,



Jamie Asbury
Attorney at Law
Manager, Energy Department
IMPERIAL IRRIGATION DISTRICT
333 E. Barioni Boulevard, Imperial CA 92251
(760) 482-3379 | email: jlasbury@iid.com
Mobile (760) 791-7471

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April 24, 2023

IMPERIAL IRRIGATION DISTRICT ELECTRIC UTILITY FINANCIAL FORECAST RESULTS



AGENDA

- Financial Forecast Overview and Results
 - Role of Power Supply Costs
 - Base Rates and Energy Cost Adjustment (ECA)
- Cost of Service
 - Revenue Requirement
 - Functionalized Revenue Requirement
 - Classified Revenue Requirement and Fixed Cost Recovery
 - COS results by class
- Potential Rate Making Strategy and Results
- Steps in public rate making

KEY FINANCIAL METRICS DRIVING THE RESULTS AND THEIR IMPORTANCE TO IID

- Debt Service Coverage Ratio (DSCR):
 - Measures utility's ability to pay for annual debt service expenses (Principal and Interest)
 - Typically requires 1.0X the total annual debt service
 - Required by bond covenants (IID covenants require 1.3, target of 2.0)
- Days Cash on Hand (Cash Reserves):
 - Measures utility's amount of working capital or days of operating expenses (typical targets of 150 to 174 days cash on hand)
 - Acts as cash flow management for utility
 - At times can offset short-term rate increases or reduce the need to frequently change specific cost recovery rates (e.g., Energy Cost Adjustments)

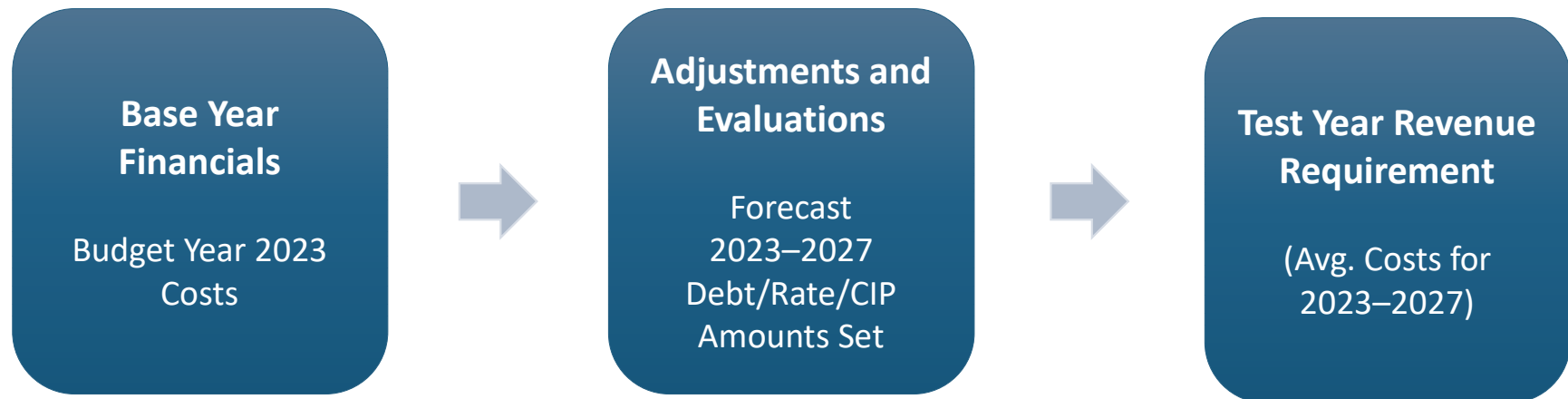
Cash reserves and DSCR will directly impact IID's credit rating.

- Declining or lower levels of DSCR and cash reserves likely lead to lower credit ratings and increased costs of debt.
- Higher levels of reserves and DSCR will increase credit ratings and reduce costs of debt.

FINANCIAL FORECAST AND REVENUE REQUIREMENT

Test Year Revenue Requirement:

Total costs to provide electric services to customers over the study period (2023–2027). Foundation of the COSA and based on forecast



KEY INPUTS AND DATA FOR REVENUE REQUIREMENT

Capital plan

- Capital plan through 2030 totals \$1.5 billion
- Five-year (2023-2027) COS planning horizon capital plan totals \$1.1 billion

	2023-2027
Capital Plan	
Customer Funded	\$332,082,796
Rate Funded	\$279,999,451
Debt Funded	\$510,000,000
Total	\$1,122,082,247

KEY INPUTS AND DATA FOR REVENUE REQUIREMENT

- Used IID 2023 budget as the starting point, escalated accounts from there to 2027
- O&M expenses are stable, forecast aligns with historic levels
- Capital plan for 2023–2027
- Set debt financing of CIP at 60% of the total for the forecast period
 - Allows room for increased debt if capital costs increase above budgeted amount (e.g., continued inflationary pressure and supply chain issues).
 - Debt funding allows for flexibility if projects are delayed / supply chain impacts
- Rate increases would contribute to remaining CIP and maintaining financial KPIs (cash reserves and DSCR)

KEY CAPITAL COST DRIVERS

- Aging Infrastructure:
 - Many existing IID assets are at or nearing the end of their depreciable life
 - Need to replace old unreliable assets with new and more efficient ones to ensure reliability
- Generation capital replacement needs:
 - Yucca and Unit 4 (138 MW, date in service 1959) ~ 64 years in service
 - Coachella Gas Turbines (date in service 1973) ~ 50 years in service
 - Rockwood Gas Turbines (date in service 1979) ~ 44 years in service
- Growth:
 - Microgrid Project
 - 15 substations needed in the Coachella Valley as well as 10 additional banks
 - Growth of number of customers in service territory is not equivalent to growth in load
 - Offset by Distributed Energy Resources (DER) and energy efficiencies

KEY CAPITAL COST DRIVERS – CONTINUED

- Transmission Needs:
 - R-Line consist of 33.8 miles of upgrades required for storm outage prevention and OATT projects
 - S-Line consist of 18.1 miles of upgrades as a result of contract between CAISO and IID
 - K-Line consist of storm hardening 28 miles of transmission line
 - Grapefruit Switching Station, CN and CL Line reconstruction of approximately 7 miles
 - ***Remedial Action Plan under IID's Transmission Planning TPL Standard***
 - North Gila to Imperial Valley 500kV
- Reliability:
 - Substation upgrades to increase load capacity in IV and LQ
 - Restore battery storage to its original 20MW capacity
- Regulatory and Operational
 - El Centro Generation Station Wastewater Mitigation
 - Energy Imbalance Market (EIM) Upgrades to enable the participation in the ISO's WEIM

INCREASING MARKET DRIVERS AND CUSTOMER DEMANDS

Customers' needs are evolving due to regulatory and competitive forces, resulting in the need for new infrastructure investments and updated COS and rate options.

Rate redesign and introduction of new rates are necessary to meet evolving market drivers

- Public EV Charging:
 - Fast Chargers
 - Low load factor
 - High infrastructure costs
- Fleet Charging
- Microgrids

FORECAST RESULTS – STATUS QUO, NO RATE INCREASE OR DEBT ISSUE

	2023	2024	2025	2026	2027
Status Quo					
Revenues	\$563,915,252	\$564,946,509	\$567,805,436	\$568,344,518	\$572,712,179
Revenue Requirement	\$608,228,730	\$705,471,912	\$748,799,003	\$780,633,941	\$708,974,506
Over (under) Collection	(\$44,313,479)	(\$140,525,403)	(\$180,993,566)	(\$212,289,424)	(\$136,262,328)
DCOH	83	(16)	(140)	(284)	(374)
DSCR	2.0	1.6	1.7	1.6	1.6

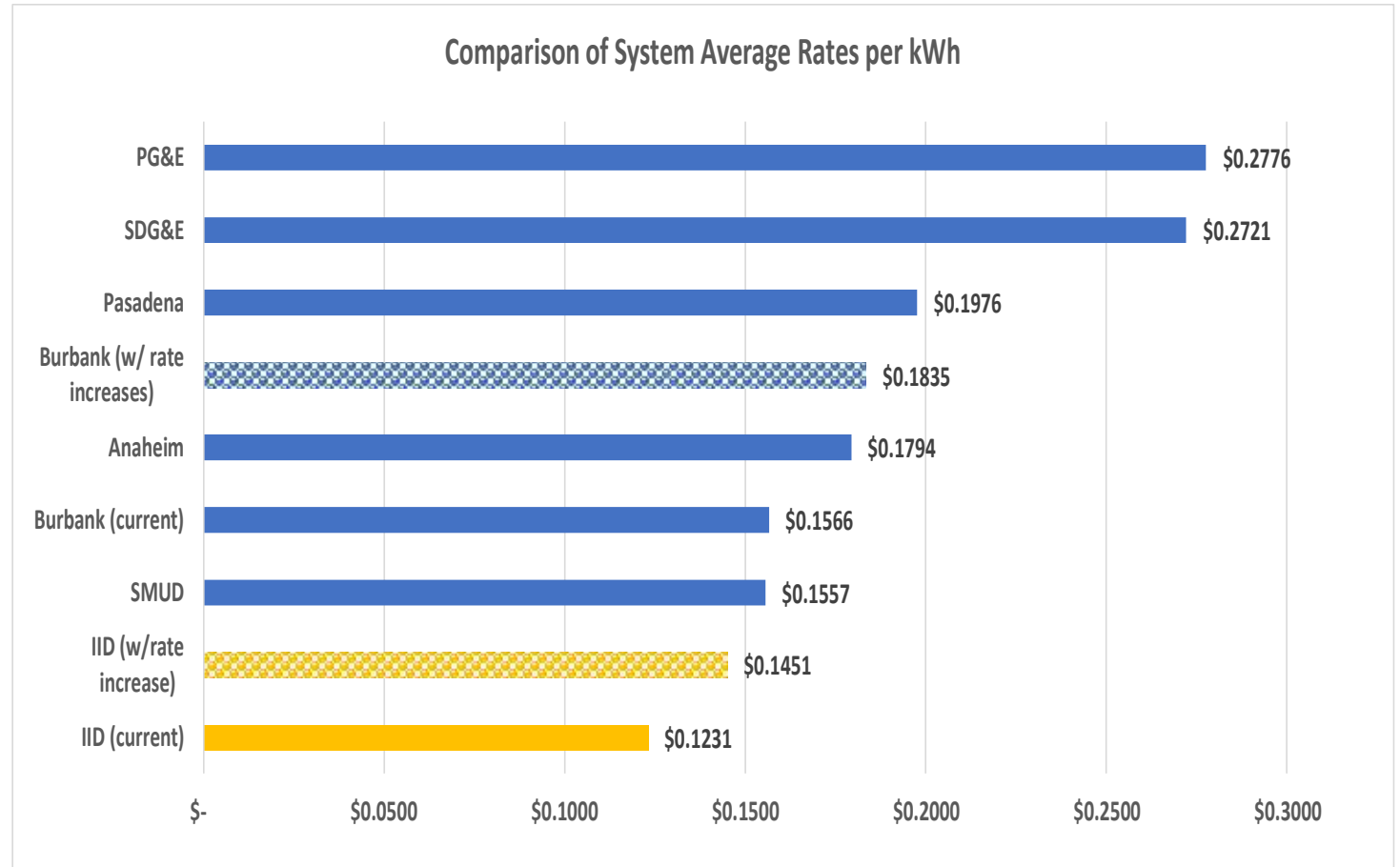
To address the diminishing Days Cash on Hand (DCOH) and Debt Service Coverage Ratio (DSCR), it is recommended that IID issue debt and increase rates

FORECAST RESULTS – INCLUDING RATE RECOMMENDATIONS

	2023	2024	2025	2026	2027
Revenues	563,915,252	610,876,452	664,926,354	665,732,818	670,368,532
Revenue Requirement	528,828,438	549,766,056	552,456,782	752,134,661	733,282,750
Over (Under) Collection	35,086,814	61,110,396	112,469,572	-86,401,843	-62,914,219
DCOH	138	177	254	193	149
DSCR	1.8	2.1	2.8	2.4	2.4
Recommendations					
Total Rate Increase Needed for Financial Stability	0.0%	8.3%	8.8%	0.0%	0.0%
Approximate increase to System Base Rate (\$/kWh)	\$0.00000	\$0.01295	\$0.01425	\$0.00000	\$0.00000
Debt Issued	\$250,000,000		\$260,000,000		

SYSTEM AVERAGE RATES COMPARISON

California Utilities
Years 2021-2023



BASE RATE AND ECA/ECAR

Base Rates:

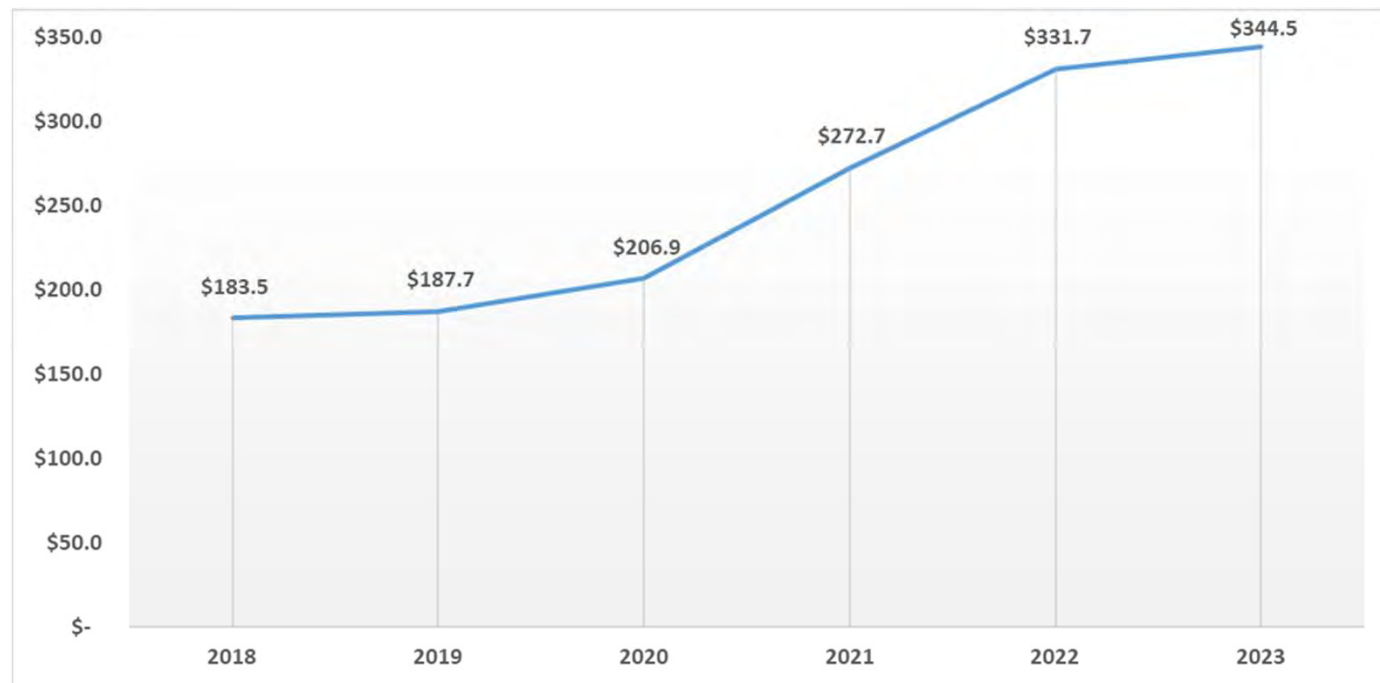
- Rates and Charges to recover the core costs of operating the utility
- Costs primarily managed and controlled by the utility (IID)
- May include a portion of power supply/market costs
 - ECA: \$0.0562/kWh included in Base Rate

Pass Throughs/Energy Cost Adjustments:

- Rates to recover costs not under full control of the utility (IID)
- Pass through all or a portion of market costs, market volatility to customers
- Best practice to provide transparency and calculation for adjustment; typically, the entire power supply costs or the difference in budgeted (base rate) vs. actual costs
- Common practice for utilities to charge Energy Cost Adjustments Factors
 - Turlock Irrigation District
 - Los Angeles Department of Water and Power
 - Salt River Project

ECA FACTORS

Fuel and
purchased power
costs have
increased by 88%
since 2018



The ECA recovers the costs of fuel, energy, capacity, transmission, purchased power and transmission costs, net revenues from wholesale sales not recovered in the base energy charge of the District.

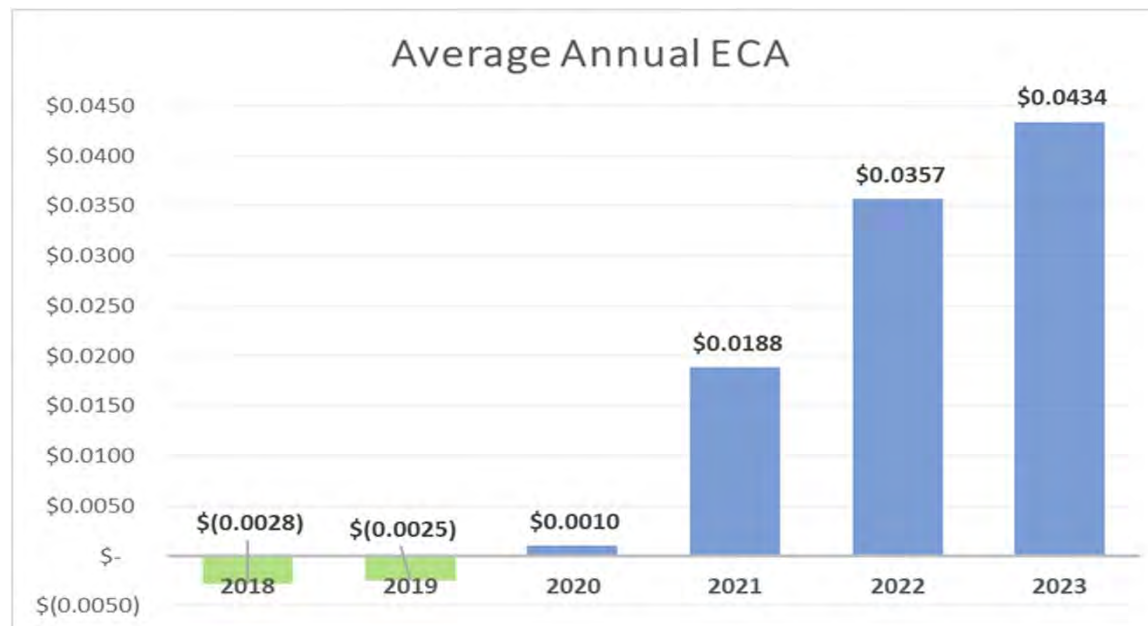
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IID to Update this graph

Meghan Helper, 2023-04-19T19:31:20.905

HISTORY OF THE ECA CHARGES – 2018–2023



- As purchase power and fuel costs have increased so has the ECA billing factors in order to recover costs
- In the years 2018 and 2019 there was \$9.1M credit back given to customers via ECA factors

Slide 15

MH0

IID to update graph

Meghan Helper, 2023-04-19T19:31:55.321

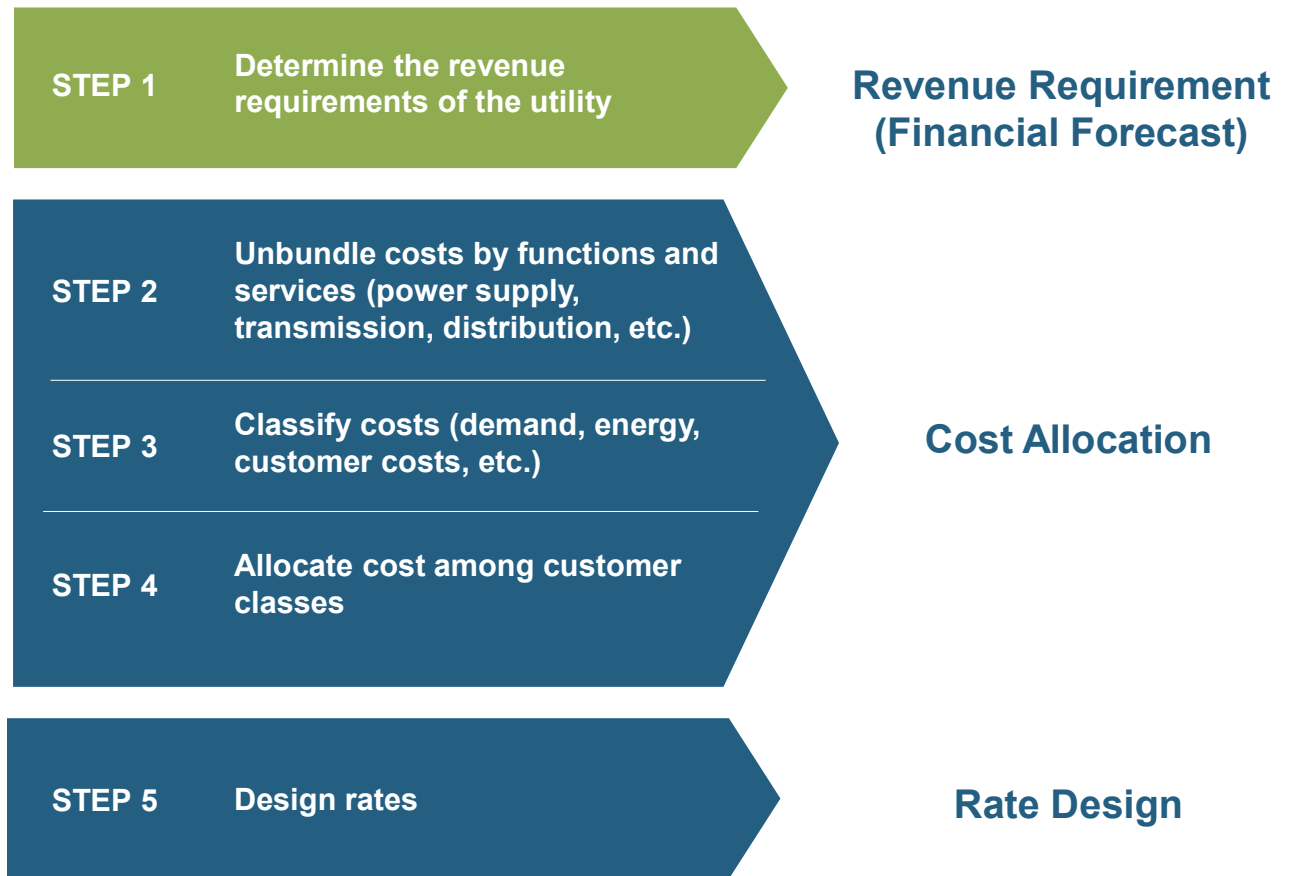
CURRENT ELECTRIC RATES

	Customer Charge	Demand Charge	Energy Charge Including ECA Base	Energy Rate Excluding ECA Base
Rate Class				
Residential	\$9.60	N/A	\$0.1169	\$0.0607
Large Commercial Rate	\$140.00	\$6.75	\$0.930	\$0.0368
Small Commercial Rate	\$12.00	N/A		
Tier 1 (<1,000 kWh)			\$0.1231	\$0.0669
Tier 2 (Next 6,000 kWh)			\$0.1205	\$0.0643
Tier 3 (Over 7,000 kWh)			\$0.1169	\$0.0607



COST OF SERVICE PROCESS AND RESULTS

Rate Study Process

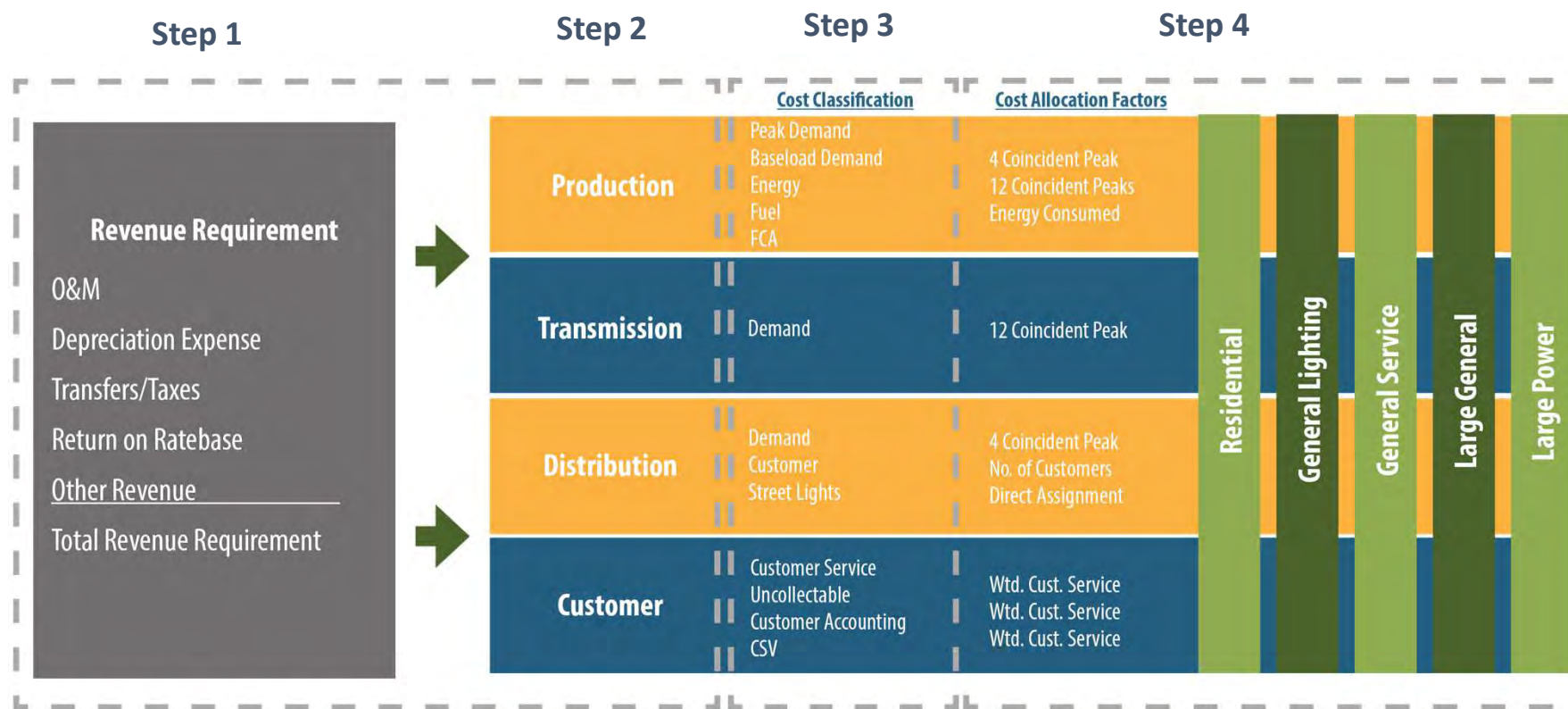


REVENUE REQUIREMENT

Based on the Financial Forecast, a 5-year average Test Year is developed to eventually calculate the COS by each customer class

Revenue Requirement	Amount	Percentage
Power Supply	\$329,801,570	52%
O&M	\$201,840,309	32%
Debt Service	\$61,823,230	10%
Cash Funded Capital	\$69,427,186	11%
Less Other Income	(\$39,598,558)	-6%
Contributions to Reserves	\$11,870,144	2%
Total	\$635,163,881	
Current Revenues	\$569,552,312	
Total Rate Increase Needed		12%

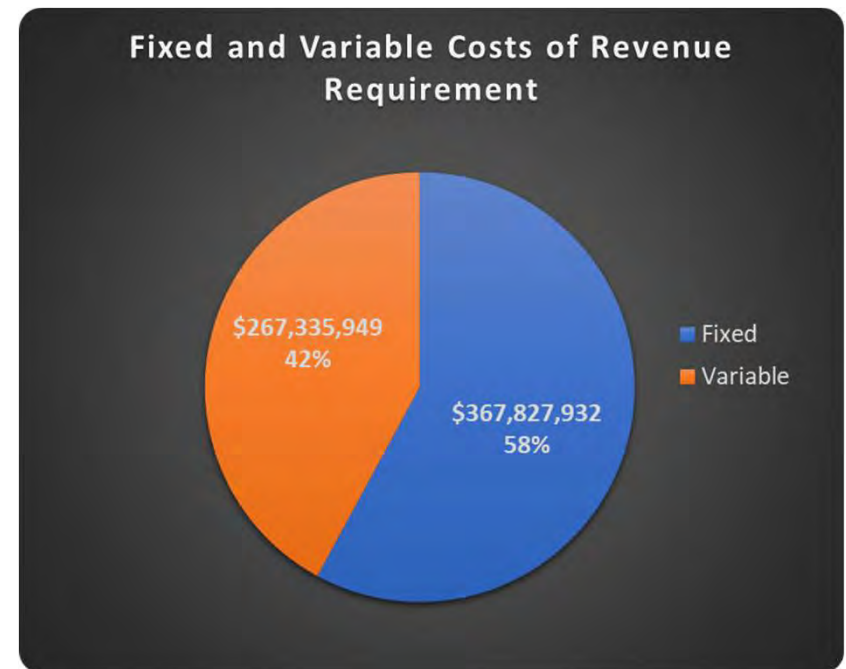
KEY COS STEPS AND PROCESS



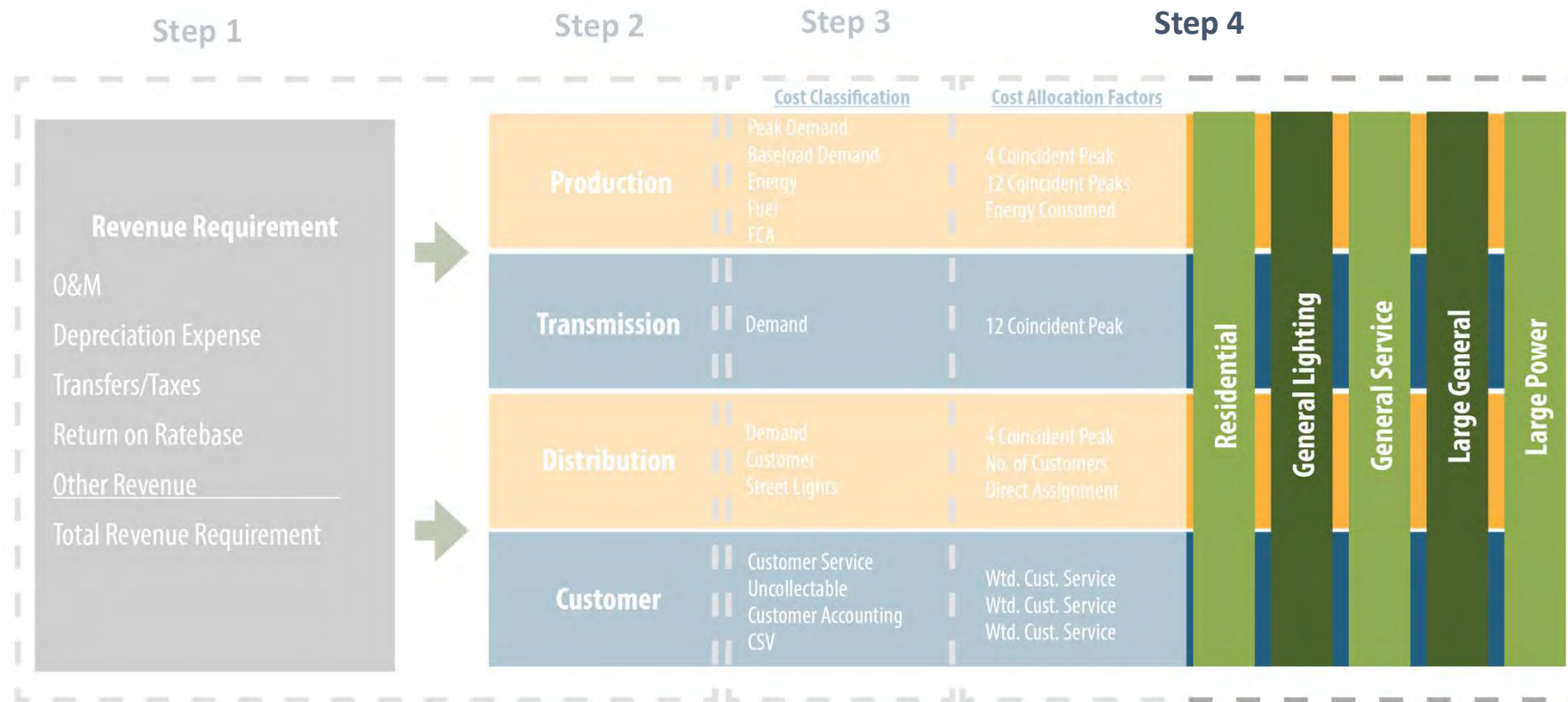
COST OF SERVICE RESULTS

Function	Amount
Power Supply	\$444,802,728
Transmission	\$76,001,613
Distribution	\$83,995,600
Customer	\$30,363,940
Total	\$635,163,881

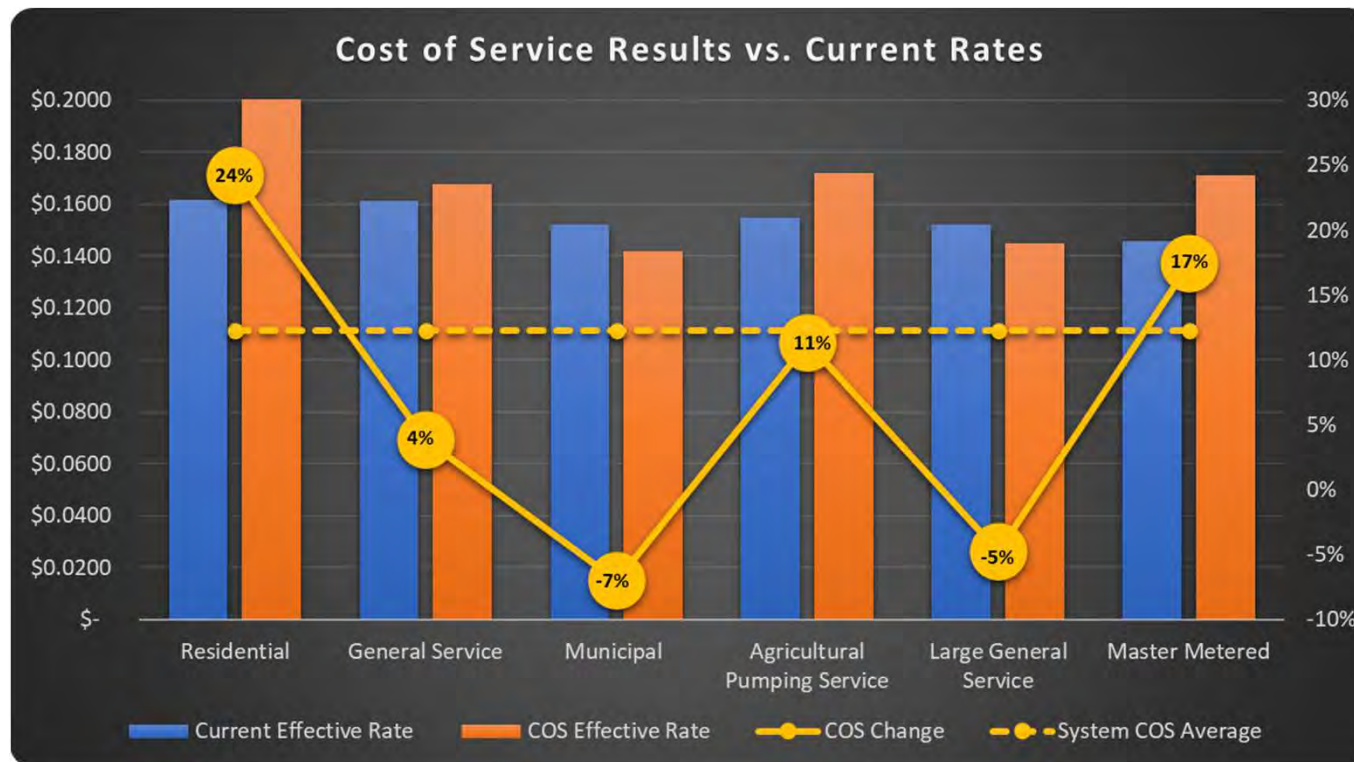
Classification	Amount	Percent
Customer	\$39,818,121	6%
Demand	\$328,009,811	52%
Energy	\$267,335,949	42%
Total	\$635,163,881	



COST OF SERVICE – CUSTOMER CLASS IMPACTS



COST OF SERVICE RESULTS BY CUSTOMER CLASS



RATE STRATEGY BASED ON COST OF SERVICE RESULTS

- COS is one step in rate making, rate making considers the COS, policy, and rate designs available
- As COS results show significant rate increases in some classes, we would propose gradualism or a “phased-in” approach to work towards the COS, but may not reach the final COS results
- Limit rate decreases, thus limiting rate increases

PROPOSED RATE STRATEGY

- No class receives a rate decrease
- No class receives more than 1.5 times the system average per phase, reallocate to all classes as needed
- System wide Rate increase is \$0.01295 per kWh increase
 - No class will receive more than a \$0.0194 per kWh increase

NEXT STEPS IN COS

- Guidance on rate increases, follow recommendation of two years with rate increases
- The COS provides the foundation to design all class's rates
- Provides foundation to finalize NEM, TOU, and Microgrid rates
- Design rates for all classes to generate the required revenues in 2024 and 2025 to fund IID costs and capital
- Typical next steps in in proposing rate changes for a public utility

QUESTIONS



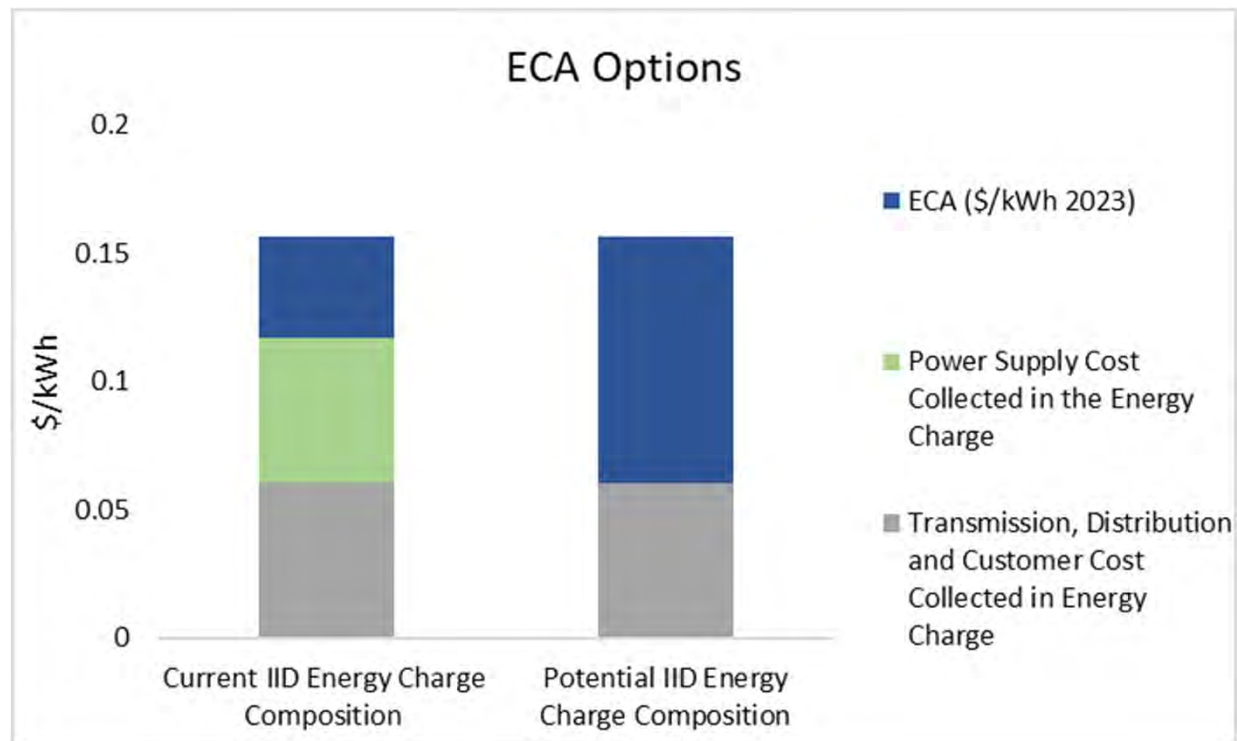
Slide 27

MH0

Add Picture

Meghan Helper, 2023-04-19T19:35:16.460

CURRENT ENERGY RATE COMPOSITION OPTIONS



From: Asbury, Jamie <jlasbury@IID.com>

Sent: Friday, September 8, 2023 11:23 AM

To: Jason Pivovarov <jason.p@dopudjawells.com>

Cc: Quiroz, Sergio M <smquiroz@IID.com>; Smelser, Matthew H <mhsmelser@IID.com>; Holbrook, Geoffrey <gpholbrook@IID.com>; David Osisas <dosias@allenmatkins.com>; Hartney, Mark <mhartney@allenmatkins.com>

Subject: RE: Initial Comments to Alternative Governance and Electricity Services Study

Good morning,

I am advised that in the current cost of service the total substation costs of \$194,555,700 are proposed to be funded as follows:

- A. Rate Funded of \$36,512,000
- B. Debt Funded of \$10,901,000
- C. Developer Funded of \$147,142,700

Please see below the detail per substation. Please note some of these substation CODs extend beyond the COS horizon so no allocations were provided for that infrastructure. The rate funded portion was allocated conceptually based on overall benefit to all rate payers of the District as a result of increased reliability, resiliency, etc. Please note that these values may change over time based upon system conditions, but were included in the cost of service study. IID has not implemented the findings of that COS.

Sum of 2023-2027 Substations Included in						
#	Description	COS	Sum of Rate	Sum of Debt	Sum of Customer	
1	Cannabis AWZ Coachella (48%)	\$ 14,000,000	\$ -	\$ -	\$ 14,000,000	
2	Jefferson 3rd Bank (45%)	\$ 2,300,000	\$ 800,000	\$ -	\$ 1,500,000	
3	Avenue 58 3rd Bank	\$ 17,000,000	\$ 4,000,000	\$ -	\$ 13,000,000	
4	Ave 52 2nd Bank (70%)	\$ 8,500,000	\$ -	\$ -	\$ 8,500,000	
5	Classic Club Sub 1 (65%)	\$ 27,270,300	\$ -	\$ -	\$ 27,270,300	
6	Carreon 2nd Bank	\$ 11,000,000	\$ 204,000	\$ -	\$ 10,796,000	
7	New Thermal/Airport	\$ 500,000	\$ -	\$ -	\$ 500,000	
8	Coachella Switching 3rd Bank	\$ 14,000,000	\$ 7,700,000	\$ -	\$ 6,300,000	
9	New Jackson 4th Bank	\$ 7,300,000	\$ 200,000	\$ -	\$ 7,100,000	
10	Indio Downtown New Substation (75%)	\$ 10,804,000	\$ 204,000	\$ -	\$ 10,600,000	
11	Avenue 40 Substation (40%)	\$ 7,204,000	\$ 204,000	\$ -	\$ 7,000,000	
12	New North Indio Substation	\$ 9,000,000	\$ -	\$ -	\$ 9,000,000	
13	Marshall 3rd Bank	\$ 11,800,400	\$ -	\$ 10,901,000	\$ 899,400	
14	Northgate Substation / Magestic Project	\$ 18,107,000	\$ 9,000,000	\$ -	\$ 9,107,000	
15	Rio Del Sol Substation	\$ 17,770,000	\$ 1,200,000	\$ -	\$ 16,570,000	
16	Frances Way 2nd Bank	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	
17	Mecca 2nd Bank (64%)	\$ -	\$ -	\$ -	\$ -	
18	Heber Distribution Substation 2nd Bank	\$ 6,500,000	\$ 6,500,000	\$ -	\$ -	
19	Gateway Distribution Substation 2nd Bank	\$ 6,500,000	\$ 6,500,000	\$ -	\$ -	
20	Lavinge Distribution Substation	\$ -	\$ -	\$ -	\$ -	
21	Victoria Ranch Distribution Substation	\$ -	\$ -	\$ -	\$ -	
Grand Total		\$ 194,555,700	\$ 36,512,000	\$ 10,901,000	\$ 147,142,700	

We are working on determining the breakdown of meters provided by customer class and will provide it as soon as possible; this is a bit more challenging because some jurisdictions share zip codes, etc. and

require some tracing in GIS. Our billing system also maintains customers as an integrated whole and not jurisdictionally.

Please let me know if you need additional information.



Jamie L. Asbury
General Manager
IMPERIAL IRRIGATION DISTRICT
333 E. Barioni Boulevard, Imperial CA 92251
(760) 339-9477 | email: ilasbury@iid.com
Mobile (760) 791-7471

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	2023	2024	2025	2026	2027
1. Cannabis AWZ Coachella (New Sub LQ, \$14 MM)					\$14 MM
2. Jefferson 3 rd Bank (New Bank LQ, \$5.3 MM)				\$1 MM	\$4.3 MM
3. Avenue 58 3 rd Bank (New Bank LQ, \$17 MM)		\$3 MM	\$6.5 MM	\$7.5 MM	
4. Ave. 52 2 nd Bank (New Bank LQ, \$8.5 MM)				\$5 MM	\$3.5 MM
5. Classic Club Sub 1 (New Sub LQ, \$27.2 MM)	\$8 MM		\$5 MM	\$7 MM	\$7 MM
6. Carreon 2 nd Bank (New Bank LQ, \$11 MM)	\$0.2 MM	\$5 MM	\$5.5 MM		
7. New Thermal/Airport (New Sub LQ, \$18.6 MM)				\$9.6 MM	\$9 MM
8. Coachella Switch. 3 rd Bank (New Bank LQ, \$14 MM)		\$2 MM	\$6.3 MM	\$5.7 MM	
9. New Jackson 4 th Bank (New Bank LQ, \$11.8 MM)		\$1.5 MM	\$4.5 MM	\$5.7 MM	
10. Indio Downtown New Subst. (New Sub LQ, \$14.6 MM)	\$0.2 MM		\$3.8 MM	\$5.6 MM	\$5 MM
11. Avenue 40 Substation (New Sub LQ, \$7.2 MM)	\$0.2 MM			\$2 MM	\$5 MM
12. New North Indio Substation (New Sub LQ, \$18.6 MM)				\$9.6 MM	\$9 MM

IID Substations and Bank Additions



Typical IID Substation design

	2023	2024	2025	2026	2027
13. Marshall 3 rd Bank (New Bank LQ, \$11.8 MM)	\$3.2 MM	\$8.5 MM			
14. Northgate Subst. / <u>Magestic</u> (New Sub LQ, \$18.1 MM)	\$5.9 MM	\$2.3 MM	\$9.8 MM		
15. Rio del Sol Substation (New Sub LQ, \$22,5 MM)		\$6.8 MM	\$7.5 MM	\$4 MM	\$4 MM
16. Frances Way 2 nd Bank (New Bank LQ, \$11 MM)		\$3 MM	\$3 MM	\$5 MM	
17. Mecca 2 nd Bank (New Bank LQ, \$7 MM)				\$1.5 MM	\$5.5 MM
18. Heber Distr. Subst. 2 nd Bank (New Sub IV, \$6.5 MM)		\$5 MM	\$1.5 MM		
19. Gateway Distr. Subst 2 nd Bank (New Sub IV, \$6.5 MM)		\$5 MM	\$1.5 MM		
20. <u>Lavinge</u> Substation (New Sub IV, \$12 MM)				\$12 MM	
21. Victoria Ranch Distr. Subst. (New Sub IV, \$12 MM)					\$12 MM

From: Asbury, Jamie <jlasbury@IID.com>

Sent: Thursday, September 7, 2023 5:48 PM

To: Jason Pivovarov <jason.p@dopudjawells.com>

Cc: Quiroz, Sergio M <smquiroz@IID.com>; Smelser, Matthew H <mhsmelser@IID.com>; Holbrook, Geoffrey <gpholbrook@IID.com>; David Osisas <dosias@allenmatkins.com>; Hartney, Mark <mhartney@allenmatkins.com>

Subject: RE: Initial Comments to Alternative Governance and Electricity Services Study

Importance: High

Attached is the customer information requested by the County of Riverside in its comment letter. The customer count is based on the best estimated geographic area grouping of meters using IID's our GIS database. Please note that the billing information is inclusive of the entirety of IID's bundled rate.

With regard to the questions (excerpted below) from Riverside, as I indicated today, IID does not track or maintain an inventory of its transmission and/or other assets by jurisdiction; it is maintained as an integrated whole. Similarly, we do not track our capital improvement plan by jurisdiction. Further, we discussed today that the ultimate disposition of the infrastructure at the termination of the lease between IID and CVWD is yet to be determined.

- Available information on the inventory of transmission and other assets, by jurisdiction.
- Summary information of what may be currently programmed through IID's approved Capital Improvement Program, by jurisdiction.

To the extent you can identify information that may assist you in responding to the above questions, we will assist in providing the data.

I hope this information is helpful. Please let me know if you have any questions or require additional assistance.



Jamie L. Asbury
General Manager

IMPERIAL IRRIGATION DISTRICT

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	City	kWh	Billing	Customer Count
City	Indio	776,731,036	\$95,041,122	38,487
City	La Quinta	593,339,522	\$72,820,681	27,051
City	Coachella	246,096,192	\$57,135,787	11,559
City	Rancho Mirage	23,073,317	\$2,752,123	664
City	Palm Desert	111,623,651	\$13,865,070	6,533
City	Indian Wells	4,738,219	\$613,625	485
County	Indio Hills	2,834,818	\$379,920	69
County	Thousand Palms	85,609,739	\$10,701,651	4,163
County	Bermuda Dunes	37,875,372	\$4,694,143	2,011
County	Chiriaco Summit	2,390,277	\$276,963	18
County	Thermal	162,480,027	\$19,806,248	3,930
County	Mecca	46,781,268	\$5,957,663	2,168
County	North Shore	16,617,373	\$2,070,200	1,068

Totals:	2,110,190,812	\$286,115,196	98,206.00
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Sky Valley	no meters
Oasis	no meters