




Community Choice

Controlling Our Energy Future




Reliable resources for the Valley



Why Community Choice?

- Unites strengths of cities/counties and KRCD
- Creates regional collaboration, focus and common interests
- Brings customer choice and competition to the Valley and our constituents
- Provides for economic value through local accountability and investment
- Creates a voluntary program that allows each electricity user to make an informed decision on electricity options



Reliable resources for the Valley





San Joaquin Valley Power Authority

- Clovis
- Corcoran
- Dinuba
- Hanford
- Kerman
- Kingsburg
- Kings County
- Lemoore
- Tulare County
- Selma
- Parlier
- Reedley
- Sanger




KRCB
Kings River Commission
Reliable resources for the Valley




Our Vision

- **Local Investment in Generation**
 - Robust renewable component
 - Address the under investment in electric generation (Remove California Independent System Operator designation - *generation deficient area*)
- **Energy Generation Rate Predictability/Stability**
 - Cost savings
 - Local involvement and transparency
 - Long-term to support economic development
- **Long-term Energy Planning**
 - Collaboration structured through Authority Board
 - Regional goals unique to this area
 - Local accountability

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Program Overview

- 11 local cities and Kings and Tulare counties will offer electric services on a voluntary basis.
- A new JPA of these cities and counties, San Joaquin Valley Power Authority (Authority) serves as the governing body for program with policy oversight.
- Kings River Conservation District (KRCD) will manage the day-to-day operations and provide energy under contract with Authority.
- The mission of the Authority will be to offer energy price stability to customers who elect to participate.
- Four phases of implementation.


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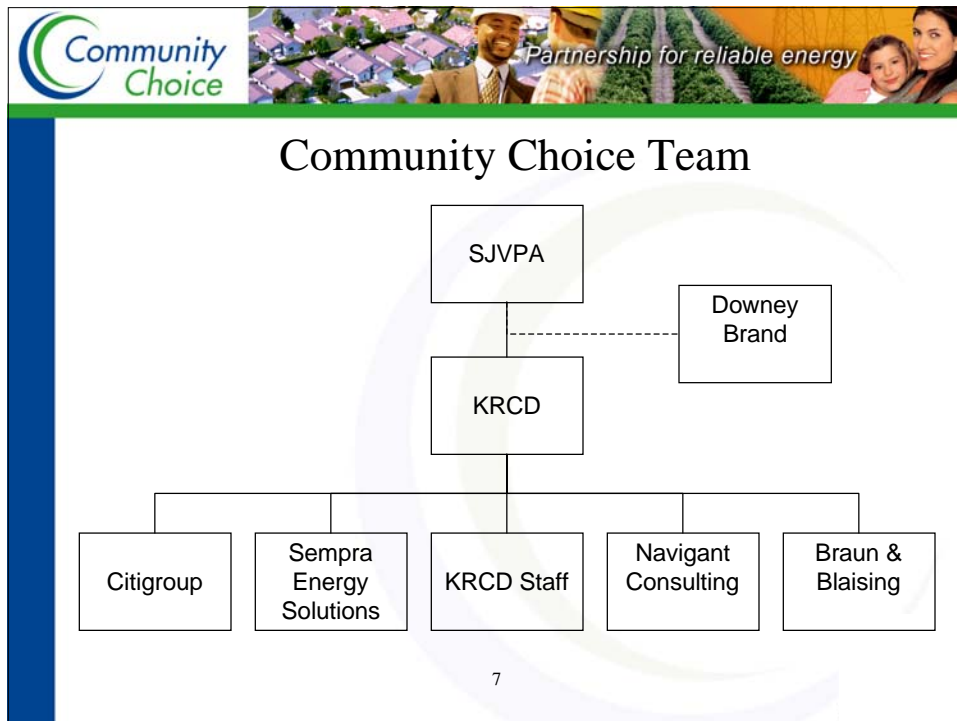


Process

2002	CCA Law enacted – KRCD begins study
Mar 05	MOU with cities and Kings County executed
Sep 05	Feasibility report finalized
Nov 06	Joint Powers Agreement executed
Jan 07	First meeting of the San Joaquin Valley Power Authority
Jan 07	Implementation Plan filed with CPUC
Apr 07	CPUC Certifies SJVPA Plan
May/June 07	SJVPA presents Program Agreement 1 to Members
Sep 08	Plan recertified to reflect schedule and membership changes

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Program Agreement No. 1

- PA 1 was developed by the Authority; through its general counsel and executive committee
- Program Agreement No. 1 (PA-1) is an agreement between the Authority and its Members
- PA 1 provides, in conjunction with the Authority’s Joint Powers Agreement, the contractual framework for CCA
- PA 1 along with the Authority’s Implementation Plan, which has been certified and approved by the CPUC, provide the Master Plan and guidelines for the overall CCA Program

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PA 1 - Triggers

Provides specific requirements that must be met before the CCA Program may commence:

1. At least 9 of 14 SJVPA execute Program Agreement 1
2. Finalize Power Services Agreement with KRCD
3. Program must achieve financial goals – 5% discount from comparable generation-related rates

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Finances

- Community Choice start-up costs are estimated at \$2.5 million.
- KRCD will finance the start-up costs with a short-term Commercial Paper Program.
- These costs will be recovered through customer rates.
 - Cities/counties are not on the hook for these costs.


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Risk Mitigation

- The fundamental mitigation strategy is to shift risk to Citigroup.
 - Full requirements contract where fixed prices are guaranteed.
 - Plant is not integrated into current agreement.



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What Utilities are Saying

- SCE supports CCA and is neutral in comments regarding our program
- PG&E supports CCA, but has issues with our program
 - Plan has flaws and is vague (delay action to review plan)
 - Lack of experience
 - No guarantees that goals will be achieved
 - Proposed power plant has financial risks and pollutes




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Ongoing Activities-Next Steps

- Finalize Agreements
 - KRCD/Citigroup Agreement
 - KRCD/Power Authority Agreement
 - KRCD/Utilities Agreements
- Develop resource portfolio
 - Renewable energy supply (local emphasis)
 - Market contracts
 - Base load development
- Budget – Rate setting – Start-up – Customer notice
- Other program development
 - Work through transition issues with utilities
- Program begins February 08 (phased)

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