

AGENDA

ORANGE COUNTY POWER AUTHORITY MEETING OF THE BOARD OF DIRECTORS

**Wednesday, December 20, 2023
10:00 a.m.**

This meeting will proceed as an in-person meeting at the Travelers Building, 3333 Michelson Dr., Irvine, CA 92612 in the Palm Room. In addition, as a convenience to the public, the Orange County Power Authority is also providing an option for members of the public to remotely view and participate in the meeting. Further details are below. Please note that, in the event of a technical issue causing a disruption in the remote participation option, the meeting may continue unless otherwise required by law.

Public Comments: Any member of the public may provide comments to the Orange County Power Authority Board of Directors on any agenda items by requesting to speak during Item 4, or on any matter not appearing on the agenda but within the jurisdiction of the Board by requesting to speak during Item 5. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in the following manner:

To provide comments during the meeting, in-person attendees, please fill out the public speaker slip and provide it to the clerk at the beginning of the meeting. Before Items 4 and 5, the Chair or Clerk will ask members of the public to join the queue to provide public comment. The queue will remain open for a reasonable amount of time to allow members of the public sufficient time to request to speak and inform the Board of the number of speakers. After such time, the queue will be closed and the members of the public who have joined the queue to speak will be recognized at the appropriate time may speak. To join the queue on Zoom video conference by computer or mobile phone, use the “Raise Hand” feature. If joining the meeting using the Zoom dial-in number, you can raise your hand and join the queue by pressing *9. Members of the public will not be shown on video but will be able to speak when called upon.

Comments shall generally be limited to three minutes when speaking, provided that the Chair may equally reduce each speaker’s time to accommodate a large number of speakers or a large number of agenda items.

Written Communications: If you have a written communication that you wish to be distributed to the Board, please provide it via e-mail to comments@ocpower.org. Written communications are public records and, if received by 5:00 p.m. on the day prior to the meeting, will be distributed to the Board prior to the meeting by either e-mail or hard-copy, posted on the Authority’s website and noted, but not read, at the meeting. Communications received after the 5:00 p.m. deadline will be retained in the Authority’s records.

The public may participate using the following remote options:

ZOOM WEBINAR

Please click the link below to join the webinar:

[Launch Meeting - Zoom](#)

Dial-in: 1-669-900-6833
Webinar ID: 858 5717 1699

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

4. **PUBLIC COMMENTS ON AGENDA ITEMS**

Opportunity for members of the public to address the Board on any items on the agenda.

5. **PUBLIC COMMENTS ON NON-AGENDA ITEMS**

Opportunity for members of the public to address the Board on any items not on the agenda but within the jurisdiction of the Board.

6. **DIRECTOR ANNOUNCEMENTS & REPORTS ON CONFERENCES/EVENTS ATTENDED**

Board Members may briefly provide information to other members of the Board and the public, ask questions of staff, or report on conferences, events, or activities related to Authority business. There is to be no discussion or action taken on comments made by Board Members unless authorized by law.

7. **COMMITTEE REPORTS**

1. **COMMUNITY ADVISORY COMMITTEE UPDATE**

Recommended Action:

Receive and file.

2. **CHIEF EXECUTIVE OFFICER RECRUITMENT AD HOC COMMITTEE UPDATE**

Recommended Action:

Receive and file.

8. **CONSENT CALENDAR**

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Board of Directors, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Board of Directors request specific items be removed from the Consent Calendar.

1. **MINUTES FOR THE SPECIAL BOARD MEETING OF NOVEMBER 8, 2023**

Recommended Action:

Approve as submitted.

2. **MINUTES FOR THE REGULAR BOARD MEETING OF NOVEMBER 20, 2023**

Recommended Action:

Approve as submitted.

3. MINUTES FOR THE SPECIAL BOARD MEETING OF NOVEMBER 29, 2023

Recommended Action:

Approve as submitted.

4. RISK OVERSIGHT COMMITTEE UPDATE

Recommended Action:

Receive and file.

5. PUBLIC RECORDS ACT REPORT

Recommended Action:

Receive and file.

6. APPROVE FINANCIAL ACCOUNTING SERVICES AGREEMENT WITH MAHER ACCOUNTANCY

Recommended Action:

1. Authorize the CEO to execute a one-year Agreement with Maher Accountancy for Financial Accounting Services, effective January 1, 2024 through December 31, 2024, including the option to extend for four additional one-year terms, subject to satisfactory performance and mutual agreement, with a not-to-exceed amount of \$268,000 for Calendar Year 2024, excluding the reimbursement of accounts payable subscriptions and transaction system fees billed by third-party vendors at cost.
2. Authorize the CEO to negotiate and approve changes in the annual compensation and not-to-exceed amounts for potential option periods from January 1, 2025 through December 31, 2028, as may be necessary for potential scope increases due to the Orange County Power Authority (OCPA) service area expansion, including the integration of additional Investor-owned Utilities (IOUs), such as San Diego Gas & Electric (SDG&E); provided that any increases in compensation and not-to-exceed amounts shall not exceed the percentages by which OCPA's number of customers is anticipated to increase during the upcoming year and annual increases in the Consumer Price Index for the Los Angeles-Orange County area.

9. REGULAR CALENDAR

The following items call for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board is so inclined.

1. ADOPT THE 2024 MEETING SCHEDULE

Recommended Action:

Adopt Resolution No. 2023-XX A Resolution of the Board of Directors of Orange County Power Authority Establishing Regular Meetings of the Board of Directors for 2024.

2. ADOPT THE FINANCIAL AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Recommended Action:

Adopt the OCPA Year-End Financial Statements and Independent Auditor's Report for the fiscal year ended June 30, 2023 from Pimenti & Brinker, LLP.

3. ADOPT 2024 OCPA LEGISLATIVE AND REGULATORY POLICY PLATFORM

Recommended Action:

Adopt 2024 OCPA Legislative and Regulatory Policy Platform.

10. STAFF REPORT

Staff may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified, but the Board may not take any action. There is to be no other discussion or action taken unless authorized by law.

11. ADJOURNMENT

Compliance with the Americans with Disabilities Act

Board of Directors meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact 949-263-2612. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

Availability of Board Documents

Copies of the agenda and agenda packet are available at www.ocpower.org. Late-arriving documents related to a Board meeting item which are distributed to a majority of the Board prior to or during the Board meeting are available for public review as required by law. Public records, including agenda-related documents, can be requested electronically at clerk@ocpower.org or by mail to 15642 Sand Canyon Avenue, P.O. Box 54283, Irvine, CA 92619-4283. The documents may also be posted at the above website. Such public records are also available for inspection, by appointment, at 3349 Michelson Drive, Suite 200, Irvine, CA 92612. Please contact clerk@ocpower.org to arrange an appointment.

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 7.1

To: Orange County Power Authority Board of Directors

From: Joe Mosca, Interim Chief Executive Officer

Subject: COMMUNITY ADVISORY COMMITTEE UPDATE

Date: December 20, 2023

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The Community Advisory Committee (CAC) met on Monday, December 11, 2023. Staff or a member of the CAC will provide an update on the CAC.

FISCAL IMPACT

None

ATTACHMENT

None

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 7.2

To: Orange County Power Authority Board of Directors

From: Nicholaus Norvell, General Counsel

Subject: CHIEF EXECUTIVE OFFICER RECRUITMENT AD HOC UPDATE

Date: December 20, 2023

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The Chief Executive Officer Recruitment Ad Hoc Committee or General Counsel will provide an update regarding the recruitment of a Chief Executive Officer.

FISCAL IMPACT

None

ATTACHMENT

None



**MINUTES
SPECIAL MEETING
BOARD OF DIRECTORS
ORANGE COUNTY POWER AUTHORITY**

Wednesday, November 8, 2023

1. CALL TO ORDER

Chair Jung called to order the Special Meeting of the Orange County Power Authority Board of Directors at 10:00 a.m. on Wednesday, November 8, 2023.

2. PLEDGE OF ALLEGIANCE

Director Kim led the Pledge of Allegiance.

3. ROLL CALL

Present:	Director Casey McKeon	City of Huntington Beach
	Director Susan Sonne	City of Buena Park
	Director Tammy Kim	City of Irvine
	Vice Chair Kathleen Treseder	City of Irvine
	Chair Fred Jung	City of Fullerton

4. PUBLIC COMMENTS ON AGENDA ITEMS ONLY

None.

5. DIRECTOR ANNOUNCEMENTS & REPORTS ON CONFERENCES/EVENTS ATTENDED

None.

6. CLOSED SESSION

Recess to Closed Session

At 10:03 a.m., Chair Jung called on General Counsel Norvell to recess the Board to closed session. General Counsel Norvell announced the Board was recessing to closed session. The following Board Members were present: Sonne, Kim, McKeon, Treseder, and Jung. Also present was Board Counsel Norvell.

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): One (1) potential case

2. PUBLIC EMPLOYEE APPOINTMENT

Pursuant to Government Code Section § 54957(b)(1)
Title: Chief Executive Officer

Reconvene

At 10:45 a.m., the meeting of the Orange County Power Authority reconvened with the following present: Directors Sonne, Kim, McKeon, Treseder, and Jung.

General Counsel Norvell reported out of Closed Session that the Board met in Closed Session discussed Items 6.1 and 6.2 as listed on the agenda and there was no reportable action taken.

7. REGULAR CALENDAR

1. AMENDMENTS TO 2023 MEETING SCHEDULE FOR NOVEMBER 2023

Director Sonne made the motion, seconded by Director Kim to:

1. Cancel the November 15, 2023, Regular Board Meeting and schedule a Regular Board Meeting on November 20, 2023.
2. Adopt Resolution No. 2023-07 amending the Board's 2023 regular meeting schedule to reschedule the November regular Board meeting.

The motion carried unanimously by the following 5-0 vote:

Ayes: Chair Jung, Vice Chair Treseder, Director Kim
Director Sonne, Director McKeon,
Noes: None
Absent: None

2. ORANGE COUNTY POWER AUTHORITY RATE DESIGN WORKSHOP

CFO Law provided a brief summary of the presentation for this item.

John Dalessi, Pacific Energy Advisors' representative, provided additional information on the risk factors of unanticipated changes with the increase in the cost of energy.

Chair Jung stated that 47 million of projected reserves was a healthy way to obtain a high credit rating. The agency should not defer from this reserve goal. He further stated that the OCPA basic rate should remain lower than SCE basic rate.

Vice Chair Treseder requested clarification obtaining the credit rating if there needs to be three years of operating history and if the agency was on track to meet the 47 million in reserves. She further requested clarification on lowering the rate of the smart rate.

CFO Law confirmed it was three years, OCPA would file for the credit rating in 2027, and the agency was on track to meet the goal of 47 million. CFO Law further explained how lowering the rates would affect the reserves.

Max Burnt, New Gen Strategies' representative, further clarified how the reserve history would assist in acquiring the credit rating. He also stated that they could run the analytics on how matching the rate of OCPA's smart choice to SCE rates would affect OCPA's bottom line.

Action Taken:

Received presentation and discussed.

8. STAFF REPORT

CFO Mosca stated that the next meeting would be on Monday, November 20, 2023. He introduced the three new team members, Gabe Dima-Smith, External Affairs Manager, Michele Stuart (Lam), Data Analyst, and Leyna Phan, Financial & Administrative Analyst.

Chair Jung, on behalf of the Board, welcomed all the new employees.

9. ADJOURNMENT

There being no further business to come before the Board, Chair Jung adjourned the November 8, 2023, Orange County Power Authority Board Special meeting at 11:17 a.m.

Submitted by:

Pat Jacquez-Nares, Authority Secretary



**MINUTES
REGULAR MEETING
BOARD OF DIRECTORS
ORANGE COUNTY POWER AUTHORITY**

Monday, November 20, 2023

1. CALL TO ORDER

Chair Jung called to order the Regular Meeting of the Orange County Power Authority Board of Directors at 10:00 a.m. on Wednesday, November 20, 2023.

2. PLEDGE OF ALLEGIANCE

Director Kim led the Pledge of Allegiance.

3. ROLL CALL

Present:	Director Casey McKeon	City of Huntington Beach
	Director Susan Sonne	City of Buena Park arrived at 10:05 a.m.
	Director Tammy Kim	City of Irvine
	Vice Chair Kathleen Treseder	City of Irvine
	Chair Fred Jung	City of Fullerton

4. PUBLIC COMMENTS ON AGENDA ITEMS

None

5. PUBLIC COMMENTS ON NON-AGENDA ITEMS

None

6. DIRECTOR ANNOUNCEMENTS & REPORTS ON CONFERENCES/EVENTS ATTENDED

Vice Chair Treseder reported that in November she participated in the Climate Action Campaign OC Leaders roundtable for potential cities who would like to join OCPA. Representatives of four cities were in attendance.

ITEM WAS TAKEN OUT OF ORDER

8. COMMITTEE REPORTS

1. COMMUNITY ADVISORY COMMITTEE UPDATE

Chair Neal provided a report from their November 13, 2023, Committee Meeting.

7. CLOSED SESSION

Recess to Closed Session

At 10:07 a.m., Chair Jung called on General Counsel Norvell to recess the Board to closed session. General Counsel Norvell announced the Board was recessing to closed session. The following Board Members were present: Sonne, Kim, McKeon, Treseder, and Jung. Also present was Board Counsel Norvell.

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)

Name: CPUC Resource Adequacy Proceedings (K.22-05-017; K.22-10-024;
K.23-05-019)

2. PUBLIC EMPLOYEE APPOINTMENT

Pursuant to Government Code Section § 54957(b)(1)

Title: Chief Executive Officer

3. CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Fred Jung, Board Chair; Nicholaus Norvell,
Interim General Counsel

Unrepresented employee: Chief Executive Officer

Reconvene

At 10:41 a.m., the meeting of the Orange County Power Authority reconvened with the following present: Directors Sonne, Kim, McKeon, Treseder, and Jung.

General Counsel Norvell reported out of Closed Session that the Board met in Closed Session discussed Item 7.1 through 7.3 as listed on the agenda. For item 7.1, Chair Jung made a motion, seconded by Vice Chair Treseder to: withdraw the appeals in the resource adequacy matters. The motion passed unanimously by the Board. For Items 7.2 and 7.3 there was no reportable action taken. There will be a report during the Committee Reports for the CEO recruitment.

Chair Jung stated that the action taken was a legacy item which was addressed today. Encouraged the media to ask questions to get clarification. This Board has emphasized transparency, public awareness, and media engagement and will continue to do so.

8. COMMITTEE REPORTS

2. CHIEF EXECUTIVE OFFICER RECRUITMENT AD HOC COMMITTEE UPDATE

General Counsel Norvell provided a brief update with the CEO recruitment process.

9. CONSENT CALENDAR

ACTION

Director Kim made the motion, seconded by Director Sonne to:

Approve consent calendar items 9.1 – 9.4.

The motion carried unanimously by the following 5-0 vote:

Ayes: Chair Jung, Vice Chair Treseder, Director Kim
Director Sonne, Director McKeon,
Noes: None
Absent: None

1. MINUTES FOR THE REGULAR BOARD MEETING OF OCTOBER 18, 2023

Action Taken:

Approved as submitted.

2. TREASURER'S REPORT – FISCAL YEAR ENDED SEPTEMBER 30, 2023 AND Q3 2023 CHECK REGISTER

Action Taken:

Received and filed.

3. REGULATORY UPDATE

Action Taken:

Received and filed.

4. APPROVE COMPENSATION POLICY UPDATE

Action Taken:

Approve Amendments to Policy No. 5, Board of Directors' Compensation and Expense Reimbursement Policy, to update Board compensation in compliance with the requirements of Section 3.8 of the OCPA Joint Powers Agreement, effective November 26, 2023.

10. REGULAR CALENDAR

1. APPROVE UPDATES TO PROCUREMENT POLICY AND DELEGATED CONTRACT AUTHORITY POLICY

Interim CEO Mosca provided a brief summary of this item.

Director Kim requested confirmation that this provision was only for out of state employees. Interim CEO Mosca affirmed it was only for out of state employees.

Director Sonne made the motion, seconded by Vice Chair Treseder to:

Approve Amendments to Policy No. 1, Procurement Policy, and Policy No. 2, Delegated Contract Authority Policy, relating to contracts to assist with hiring of positions within the Chief Executive Officer's hiring authority.

The motion carried unanimously by the following 5-0 vote:

Ayes:	Chair Jung, Vice Chair Treseder, Director Kim Director Sonne, Director McKeon,
Noes:	None
Absent:	None

11. STAFF REPORT

Interim CEO Mosca provided a status update on the completion of items from the State Auditor's report. He highlighted the various awards that OCPA had received. He announced that the rate design item would be moved to the January 2024 meeting because Southern California Edison will not provide their data to us until the end of December. He wished everyone a healthy, safe, and happy Thanksgiving.

12. ADJOURNMENT

There being no further business to come before the Board, Chair Jung adjourned the November 20, 2023, Orange County Power Authority Board Regular meeting at 10:51 a.m.

Submitted by:

Pat Jacquez-Nares, Authority Secretary



**MINUTES
SPECIAL MEETING
BOARD OF DIRECTORS
ORANGE COUNTY POWER AUTHORITY**

Wednesday, November 29, 2023

1. CALL TO ORDER

Chair Jung called to order the Special Meeting of the Orange County Power Authority Board of Directors at 10:00 a.m. on Wednesday, November 29, 2023.

2. PLEDGE OF ALLEGIANCE

Chair Jung led the Pledge of Allegiance.

3. ROLL CALL

Present:	Director Casey McKeon	City of Huntington Beach
	Director Susan Sonne	City of Buena Park arrived at 10:10 a.m.
	Director Tammy Kim	City of Irvine
	Vice Chair Kathleen Treseder	City of Irvine
	Chair Fred Jung	City of Fullerton

4. PUBLIC COMMENTS ON AGENDA ITEMS ONLY

None.

5. CLOSED SESSION

Recess to Closed Session

At 10:02 a.m., Chair Jung called on General Counsel Norvell to recess the Board to closed session. General Counsel Norvell announced the Board was recessing to closed session. The following Board Members were present: Sonne (arrived at 10:10 a.m.), Kim, McKeon, Treseder, and Jung. Also present was Board Counsel Norvell.

1. PUBLIC EMPLOYEE APPOINTMENT

Pursuant to Government Code Section § 54957(b)(1)
Title: Chief Executive Officer

Reconvene

At 2:25 p.m., the meeting of the Orange County Power Authority reconvened with the following present: Directors Sonne, Kim, Treseder, and Jung. Director McKeon left the meeting at 12:00 p.m.

General Counsel Norvell reported out of Closed Session that the Board met in Closed Session discussed Item 5.1 as listed on the agenda and there was no reportable action taken.



**MINUTES
SPECIAL MEETING
BOARD OF DIRECTORS
ORANGE COUNTY POWER AUTHORITY**

6. ADJOURNMENT

There being no further business to come before the Board, Chair Jung adjourned the November 29, 2023, Orange County Power Authority Board Special meeting at 2:26 p.m.

Submitted by:

Pat Jacquez-Nares, Authority Secretary

DRAFT

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 8.4

To: Orange County Power Authority Board of Directors

From: Joe Mosca, Interim Chief Executive Officer

Subject: RISK OVERSIGHT COMMITTEE UPDATE

Date: December 20, 2023

RECOMMENDED ACTION

Receive and File.

BACKGROUND

The Risk Oversight Committee (ROC) was established via the Board-adopted Energy Risk Management Policy (Policy No. 11). Per the policy, members of the ROC will be selected by the Chief Executive Officer, who will serve as the ROC's Chair. The ROC currently consists of the CEO, CFO, Pacific Energy Advisors (PEA) representatives, and transactional counsel from the Authority's contracted law firm.

The ROC has the authority to:

- Meet at least once per quarter or as otherwise called to order by the ROC's Chair.
- No less than once per quarter, provide a report to the Board regarding its meetings, deliberations, and any other areas of concern.
- From time to time, adopt and/or adapt risk management guidelines defining internal controls, strategies, and processes for managing market risks incurred through or attendant upon wholesale trading, retail marketing, long-term contracting, CRR trading, and load and generation scheduling.
- Specify the categories of permitted transactions and set risk limits for wholesale trading. The ROC will receive and review information and reports regarding risk management, wholesale trading transactions, and the administration of supply contracts.
- Have direct responsibility for enforcing compliance with this Policy. Any material violations of this Policy, as determined by the ROC, shall be reported to the Board for appropriate action.

As part of its recent audit of OCPA, the State Auditor recommended that the Board consider amending the Energy Risk Management Policy (Policy No. 11) to alter the membership of the ROC to include a limited subset of Board members in a manner that does not violate open meeting requirements of the Brown Act. Following review and discussion with the Interim General

Counsel, it was determined that formally adding Board members to the ROC through an amendment to the Energy Risk Management Policy would make the ROC meetings subject to the Brown Act, which is incompatible with the ROC's responsibilities for reviewing and analyzing market-sensitive information and prospective transactions, substantial aspects of which are confidential under CPUC rules and best practices for CCAs. As an alternative, the CEO has initiated a practice of inviting the Board Chair and Vice Chair to ROC meetings to observe. This is intended to provide additional Board oversight of the ROC without making Board members official members of the ROC under the Energy Risk Management Policy. This practice was initiated with the April 3, 2023, meeting and will continue for future meetings.

ANALYSIS AND DISCUSSION

The Risk Oversight Committee (ROC) met on Thursday, December 7, 2023, at 11:00 AM. Attendees at the ROC meeting included Joe Mosca Interim CEO, Tiffany Law CFO, PEA consultants Kirby Dusel and John Dalessi, Glen Price of Best, Best & Krieger. Fred Jung, Chair of the Board of Directors, and Kathleen Treseder, Vice Chair of the Board of Directors, attended the ROC meeting, but only observed the meeting.

The ROC discussed the following:

- Role of the ROC
- Q4 2023 Risk Management Report Hedge Positions
 - Renewable Energy Positions
 - RPS Compliance for Period 4 (CP4)
 - Resource Adequacy Positions
 - Market Exposure and Risk
 - Counterparty Credit Exposure

There are no Policy violations to report.

The ROC meeting for the 2024 year will take place on the following dates:

- March 7, 2024
- June 6, 2024
- September 5, 2024
- December 5, 2024

FISCAL IMPACT

None

ATTACHMENTS

None

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 8.5

To: Orange County Power Authority Board of Directors

From: Joe Mosca, Interim Chief Executive Officer
Nicholaus Norvell, Interim General Counsel

Subject: PUBLIC RECORDS ACT REPORT

Date: December 20, 2023

RECOMMENDATION

Receive and file.

BACKGROUND

As part of its February 2023 report, the State Auditor recommended that OCPA report to the Board of Directors no less than quarterly on: (1) the number of public records requests received, closed, and pending; (2) the average time OCPA took to respond to those requests; and (3) the reasons for withholding or redacting requested records, if applicable. A previous report was provided at the September 13, 2023 meeting, covering the period May 1, 2023 through September 6, 2023.

Below is a report covering the period from September 1, 2023 through December 14, 2023.

Requests Received	4
Requests Closed	4
Requests Pending	0
Determination or Extension Letters Provided within 10 Days	Yes
Average Calendar Days to Fully Complete Closed Requests	17.25
Public Records Act Exemptions Applied <i>(Citations to Government Code unless otherwise noted)</i>	Public disclosure of the redacted personal information, such as personal phone numbers, email addresses and addresses, would constitute an unwarranted invasion of personal privacy. Therefore, the public interest served in withholding the redacted

	information clearly outweighs any public interest served in disclosure pursuant to Government Code § 7922.000. • Attorney-client privilege and attorney work product privilege (§ 7927.705, Evidence Code § 954, Code of Civil Procedure § 2018.030)
--	---

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 8.6

To: Orange County Power Authority Board of Directors

From: Tiffany Law, Chief Financial Officer

Subject: APPROVE FINANCIAL ACCOUNTING SERVICES AGREEMENT WITH MAHER ACCOUNTANCY

Date: December 20, 2023

RECOMMENDED ACTIONS

1. Authorize the CEO to execute a one-year Agreement with Maher Accountancy for Financial Accounting Services, effective January 1, 2024 through December 31, 2024, including the option to extend for four additional one-year terms, subject to satisfactory performance and mutual agreement, with a not-to-exceed amount of \$268,000 for Calendar Year 2024, excluding the reimbursement of accounts payable subscriptions and transaction system fees billed by third-party vendors at cost.
2. Authorize the CEO to negotiate and approve changes in the annual compensation and not-to-exceed amounts for potential option periods from January 1, 2025 through December 31, 2028, as may be necessary for potential scope increases due to the Orange County Power Authority (OCPA) service area expansion, including the integration of additional Investor-owned Utilities (IOUs), such as San Diego Gas & Electric (SDG&E); provided that any increases in compensation and not-to-exceed amounts shall not exceed the percentages by which OCPA's number of customers is anticipated to increase during the upcoming year and annual increases in the Consumer Price Index for the Los Angeles-Orange County area.

BACKGROUND

OCPA acknowledges the essential need for precise and efficient financial management in the dynamic and complex energy industry. To reinforce our commitment to robust internal controls and mitigate risks, we are engaging a professional Certified Public Accountant (CPA) firm to manage our financial accounting and audit assistance services. This partnership is not only aligned with our goal to enhance financial analysis and forecasting but also ensures the implementation of segregation of duties within our financial processes. Such a firm brings extensive experience and precision, crucial for navigating the financial complexities of the energy sector. Their expertise will be instrumental in ensuring compliance, maintaining high levels of financial integrity and transparency, and establishing a solid framework of checks and balances in our financial operations.

This strategic engagement streamlines our financial operations, eliminating the need for at least three key roles: an accounts payable accountant, an accountant responsible for bookkeeping and financial reporting, and an accounting manager for complex audits and related tasks. This shift in responsibilities significantly reduces our operational workload and associated costs.

Moreover, this approach enables the OCPA Financial Technology (Fintech) team to focus on critical areas such as intricate financial planning and analysis, budgeting, forecasting, treasury management, rates strategy, IOU and data service provider management, data analytics, and managing compensation and benefits. These vital functions are essential for the long-term success of OCPA, highlighting the importance of our team's dedicated attention and unique abilities.

Accordingly, staff issued a Request for Proposals (RFP) for Financial Accounting and Audit Assistance Services on October 27, 2023. This invitation to submit proposals was extensively distributed to over 450 prospective candidates, ensuring wide reach and fairness. The RFP was also made publicly available on BidNet Direct and the OCPA website, promoting transparency and equal opportunity for all interested parties. On November 17, 2023, OCPA posted our responses to inquiries from three potential vendors, demonstrating our commitment to clear communication. By the RFP's closing date, 20 potential vendors had downloaded the document. On November 24, 2023, OCPA received one proposal in response to the RFP, as below:

Mahe Accountancy

Founded in 1983, Maher Accountancy is a CPA firm specializing in government auditing and accounting. The firm places a strong emphasis on public accountability and integrity. Since 2010, they have also specialized in serving Community Choice Aggregators (CCAs) across California. Currently, Maher Accountancy provides comprehensive financial accounting and audit assistance services to the following CCAs, including OCPA since 2021:

1. Marin Clean Energy, the first CCA (since 2010),
2. Sonoma Clean Power (since 2013),
3. Peninsula Clean Energy (since 2016),
4. Central Coast Community Energy (since 2017),
5. Silicon Valley Clean Energy (since 2017),
6. Ava Community Energy (formerly East Bay Community Energy since 2018),
7. San Diego Community Power (since 2020),
8. Pioneer Community Energy (since 2021), and
9. Clean Energy Alliance (since 2022).

The engagement team at Maher Accountancy brings a wealth of experience in CCA accounting and governmental audits. Their proven track record with other CCAs, combined with their adept handling of specialized elements like California Independent System Operator (CAISO) transactional reporting and complex governmental audits, positions them as an exceptionally capable and well-prepared service provider OCPA.

DISCUSSION/ANALYSIS

RFP Process

A rigorous RFP process was followed. The RFP itself was issued with the following key requirements:

1. Monthly Financial Analysis and Reconciliation:
 - Preparation of accrual basis financial statements monthly, in line with GAAP, treated as a compilation engagement.
 - Monthly Actual-to-Budget Comparison reports with detailed account variance analysis.
 - Balance sheet reconciliations, including computation of revenues, reconciliation of customer activity reports, bank reconciliations, Accounts Payable Aging reports, depreciation schedules, and schedules for balance sheet accounts.
2. Management of Accounts Payable and Billing System (Bill.com):
 - Ensuring documentation for management review, proper segregation of duties, and accessibility to source data.
 - Adherence to OCPA's Procurement Policies and correct coding of accounts for transactions.
 - Quarterly check register report for the OCPA Board.
 - Filing of compliance reports for state and local agencies, and support for tax filings/remittances.
3. Treasury Management:
 - Assistance with treasury functions and management of financial covenants with counterparties and lenders.
4. Accounting and Control Systems Maintenance:
 - Maintaining rigorous controls in accounting systems.
 - Keeping the general ledger up-to-date and developing a non-energy contract portal system, with quarterly reports for the OCPA Board.
5. Payroll and Employee Benefits:
 - Assistance with bi-monthly payroll processing, including compliance with legal and regulatory requirements.
6. Audit Assistance:
 - Collaboration with OCPA's external financial auditors for the annual audit process.
7. Miscellaneous Duties:
 - Performing other essential financial tasks as needed.
8. Retention and Accessibility of Working Papers:
 - Retaining all working papers and reports for a minimum of seven years and providing access to OCPA upon request.

Evaluation and Selection Process

Evaluation Team:

- 1) Tiffany Law, OCPA CFO
- 2) Owen Lee, OCPA Director of Finance & Data Analytics

- 3) Amrit Singh, Silicon Valley Clean Energy CFO & Director of Administrative Services

A detailed evaluation process was conducted:

- 1) Panel review of initial response and scoring criteria by December 1, 2023
- 2) Panel interview with respondent on December 1, 2023
- 3) Final evaluation by December 13, 2023

The proposal evaluation was conducted meticulously, focusing on several key criteria, including: the respondent's understanding of the work scope required by OCPA; their experience in California energy market finance and knowledge of CCA financial practices; the ability to meet OCPA's timelines; the qualifications, skills, and capacity of their project staff for timely service delivery; and their recent track record in delivering comparable services.

In the evaluation phase, a detailed interview was conducted with the respondent to delve deeper into their financial accounting and auditing expertise, particularly in relation to OCPA's future needs. This step was crucial to ascertain the depth and relevance of their knowledge and skills, ensuring they are well-equipped to tackle the unique financial challenges at OCPA. Presented below are some of the key questions posed during the interview, reflecting the focus on OCPA's specialized requirements:

- 1) Share your experience with SDG&E's service area billing structure, including specific examples of how SDG&E's billing practices have impacted CCAs' financial and operational aspects.
- 2) Discuss your experience in assisting other CCAs with service area expansions, focusing on both the financial considerations and operational implications for OCPA.
- 3) How do you stay informed about the latest developments and regulatory changes in the energy sector, particularly concerning CCAs, and how do you apply this knowledge to anticipate future challenges and opportunities?

Vendor Selection

After a thorough evaluation process, Maher Accountancy has been selected to provide Financial Accounting and Audit Assistance Services for OCPA. This decision, detailed in Attachment B, is based on their outstanding alignment with OCPA's specific needs and their demonstrated ability to meet our unique challenges.

- **Proven Track Record with CCAs and OCPA:** Maher Accountancy's existing role as the accounting service provider for OCPA, coupled with their extensive history with CCAs, demonstrates a proven track record. Their experience has been pivotal in effectively navigating the unique financial landscape and challenges faced by CCAs. A key component of their contribution to OCPA has been the establishment of a solid segregation of duties within our financial operations. This approach has been instrumental in enhancing OCPA's operational efficiency and financial integrity. By clearly delineating and distributing financial responsibilities between Maher Accountancy and OCPA's FinTech team, OCPA has ensured that each aspect of our financial management is independently managed and reviewed, thereby significantly reducing the risk of errors and fraud, and ensuring a robust, transparent, and accountable financial system.

- **Specialized Expertise in CAISO Transactional Reporting:** The complexity of the CAISO's data reporting systems requires a vendor with specialized knowledge. Maher Accountancy's expertise in accurately interpreting CAISO data ensures compliance and accuracy in financial reporting, a critical aspect for CCAs. Their ability to navigate and decode complex data structures has proven invaluable in our past collaborations.
- **Comprehensive Understanding of Data Manager:** Recognizing that third-party data managers like Calpine Energy Solutions (Calpine) play a significant role in the CCA space, Maher Accountancy's strong working relationship and ability to manage and analyze large volumes of data from Calpine's systems is a significant advantage. Their experience with other data managers like SMUD and GridX showcases their versatility and deep understanding of the broader market, equipping them to handle various data-related challenges adeptly.
- **Background in Governmental Audits:** Their background in governmental audits underlines a rigorous, detail-oriented approach to accounting. This experience is invaluable for ensuring financial integrity and compliance, which are critical for government-affiliated entities like CCAs.
- **Expertise in Governmental Accounting Standards:** Maher Accountancy's proficiency in the unique accounting standards applicable to governmental entities like CCAs ensures that our financial statements are prepared in strict accordance with the Governmental Accounting Standards Board (GASB) guidelines for proprietary funds. This expertise is crucial for maintaining transparency and adherence to regulations, which are paramount for OCPA.

The staff recommendation for Maher Accountancy is strongly supported by their specialized expertise and experience with CCAs. Their background in governmental audits, along with a thorough understanding of accounting standards established by GASB, reinforces their suitability for the role. These qualifications make them an exceptionally appropriate choice for managing the intricate accounting needs of OCPA, aligning with our current and prospective financial management goals.

Proposed Pricing Structure for CY2024

Monthly Financial Operational Assistance Fee: \$21,000

Annual Financial Statement Audit Management Fee: \$16,000

Annual Total Fee*: \$268,000

* excluding the reimbursement of an accounts payable subscription and transaction system fees billed by the third-party vendor (bill.com) at cost

FISCAL IMPACT

The proposed Not-to-Exceed (NTE) amount for CY 2024, which is \$268,000, along with the reimbursement of subscription and transaction system fees billed by the third-party vendor at cost, will be incorporated in the FY 23/24 Mid-Year Budget and FY24/25 Budget.

ATTACHMENT

Attachment A – Financial Accounting Services Agreement

Attachment B – Financial Accounting and Audit Assistance Services Evaluation Summary

ORANGE COUNTY POWER AUTHORITY
FINANCIAL ACCOUNTING SERVICES AGREEMENT

This Financial Accounting Services Agreement ("**Agreement**") is made and entered into on December 20, 2023, by and between ORANGE COUNTY POWER AUTHORITY, a California joint powers authority ("**Authority**") and MAHER ACCOUNTANCY, a California Corporation ("**Consultant**"). Authority and Consultant are sometimes individually referred to as "**Party**" and collectively as "**Parties**."

RECITALS

A. Consultant desires to perform and assume responsibility for the provision of certain professional services required by Authority on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing Financial Accounting and Audit Assistance Services, is licensed in the State of California, and is familiar with the plans of Authority.

B. Authority desires to engage Consultant to provide financial accounting services.

AGREEMENT

1. Scope of Services and Term.

1.1 General Scope of Services. Consultant promises and agrees to furnish to Authority all labor and services and incidental and customary work necessary to fully and adequately supply assist the Authority the implementation services necessary for the Project ("**Services**"). The Services are more particularly described in Exhibit A attached hereto, and which are stated in the proposal to Authority. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto, and all applicable local, state and federal laws, rules and regulations.

1.2 Term. The term of this Agreement shall be from January 1, 2024 to December 31, 2024, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines. The Authority and Consultant may agree to extend the contract for four (4) additional one (1) year terms.

2. Responsibilities of Consultant.

2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Authority retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of Authority and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but

not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions.

2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of Authority.

2.4 Substitution of Key Personnel. Consultant has represented to Authority that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of Authority. In the event that Authority and Consultant cannot agree as to the substitution of key personnel, Authority shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to Authority, or who are determined by the Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the Authority. The key personnel for performance of this Agreement are as follows:

Michael J. Maher, CPA, Managing Director
John W. Maher, CPA, Managing Principal
David A. Greenblat, CPA, Senior Manager

2.5 Authority's Representative. Authority hereby designates the Chief Financial Officer, or designee, to act as its representative for the performance of this Agreement ("**Authority's Representative**"). Authority's Representative shall have the power to act on behalf of Authority for all purposes under this Agreement. Consultant shall not accept direction or orders from any person other than Authority's Representative, or designee.

2.6 Consultant's Representative. Consultant hereby designates Michael J. Maher, or his or her designee, to act as its Representative for the performance of this Agreement ("**Consultant's Representative**"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

2.7 Coordination of Services. Consultant agrees to work closely with Authority staff in the performance of Services and shall be available to Authority's staff, consultants and other staff at all reasonable times.

2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and sub- contractors shall have sufficient skill and experience to perform the Services assigned to them. Finally,

Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from Authority, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its subcontractors who is determined by Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to Authority, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to Authority, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold Authority, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

2.10 Insurance.

2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to Authority that it has secured all insurance required under this section, in a form and with insurance companies acceptable to Authority. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to Authority that the subcontractor has secured all insurance required under this section.

2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001 or exact equivalent); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage (form CA 0001, code 1 (any auto) or exact equivalent); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general

aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

2.10.3 Professional Liability. Consultant shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following completion of the Services, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$2,000,000 per claim. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by Authority to add the following provisions to the insurance policies:

(A) General Liability.

(i) Commercial General Liability Insurance must include coverage for (1) Bodily Injury and Property Damage; (2) Personal Injury/Advertising Injury; (3) Premises/Operations Liability; (4) Products/Completed Operations Liability; (5) Aggregate Limits that Apply per Project; (6) Explosion, Collapse and Underground (UCX) exclusion deleted; (7) Contractual Liability with respect to this Agreement; (8) Broad Form Property Damage; and (9) Independent Consultants Coverage.

(ii) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(iii) The policy shall give Authority, its directors, officials, officers, employees, and agents insured status using ISO endorsement forms 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(iv) The additional insured coverage under the policy shall be "primary and non-contributory" and will not seek contribution from Authority's insurance or self-insurance and shall be at least as broad as CG 20 01 04 13, or endorsements providing the exact same coverage.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) Authority, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects Authority, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by Authority, its

directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employers Liability Coverage.

(i) Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Consultant will comply with such provisions before commencing work under this Agreement.

(ii) The insurer shall agree to waive all rights of subrogation against Authority, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Defense costs shall be payable in addition to the limits set forth hereunder. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth herein shall be available to Authority, its directors, officials, officers, employees and agents as additional insureds under said policies. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named insured; whichever is greater.

(i) The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of Authority (if agreed to in a written contract or agreement) before Authority's own insurance or self-insurance shall be called upon to protect it as a named insured. The umbrella/excess policy shall be provided on a "following form" basis with coverage at least as broad as provided on the underlying policy(ies).

(ii) Consultant shall provide Authority at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to Authority at least ten (10) days prior to the effective date of cancellation or expiration.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) The foregoing requirements as to the types and limits of

insurance coverage to be maintained by Consultant, and any approval of said insurance by Authority, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(v) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, Authority has the right but not the duty to obtain the insurance it deems necessary and any premium paid by Authority will be promptly reimbursed by Consultant or Authority will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, Authority may cancel this Agreement. Authority may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(vi) Neither Authority nor any of its directors, officials, officers, employees or agents shall be personally responsible for any liability arising under or by virtue of this Agreement.

2.10.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to Authority, its directors, officials, officers, employees, agents and volunteers.

2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by Authority. Consultant shall guarantee that, at the option of Authority, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Authority, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, licensed to do business in California, and satisfactory to Authority.

2.10.8 Verification of Coverage. Consultant shall furnish Authority with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to Authority. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by Authority if requested. All certificates and endorsements must be received and approved by Authority before work commences. Authority reserves the right to require complete, certified copies of all required insurance policies, at any time.

2.10.9 Subcontractor Insurance Requirements. Consultant shall not allow any subcontractors to commence work on any subcontract until they have provided evidence satisfactory to Authority that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors shall be endorsed to name Authority as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, Authority may approve different scopes or minimum limits of insurance for particular subcontractors.

2.10.10 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all

times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3. **Fees and Payments.**

3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit B, attached hereto. The total compensation shall not exceed \$268,000 (not including reimbursement of accounts payable subscriptions and transaction system fees billed by third-party vendors at cost) without written approval of Authority's Board of Directors. Extra Work may be authorized, as described below, and, if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement. If the Authority and Consultant agree to extend this Agreement pursuant to Section 1.2, the Parties may negotiate and agree on updated compensation and not-to-exceed amounts for the extension period. The Authority's Chief Executive Officer is authorized to execute such extensions, subject to any limits in Authority policies or, if applicable, in the Board of Directors' action approving this Agreement; the Board shall approve any amendments/extensions exceeding the Chief Executive Officer's authority.

3.2 Payment of Compensation. Consultant shall submit to Authority a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. Authority shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by Authority.

3.4 Extra Work. At any time during the term of this Agreement, Authority may request that Consultant perform Extra Work. As used herein, "**Extra Work**" means any work which is determined by Authority to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from Authority's Representative.

4. **Accounting Records.** Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of Authority during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

5. General Provisions.

5.1 Termination of Agreement.

5.1.1 Grounds for Termination. Authority may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to Authority, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, Authority may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.

5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, Authority may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant:

Attn: Michael Maher
Maher Accountancy
1101 Fifth Avenue, Suite 200
San Rafael, CA 94901

Authority:

Attn: Chief Financial Officer
Orange County Power Authority
15642 Sand Canyon Ave.
P.O. Box 54283
Irvine, CA 92619-4283

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

5.3 Ownership of Materials and Confidentiality.

5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for Authority to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("**Documents & Data**"). Consultant shall require all subcontractors to agree in writing that Authority is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by Authority. Authority shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at Authority's sole risk.

5.3.2 Intellectual Property. In addition, Authority shall have and retain all right, title and interest (including copyright, patent, trade secret and other proprietary rights) in all plans, specifications, studies, drawings, estimates, materials, data, computer programs or software and source code, enhancements, documents, and any and all works of authorship fixed in any tangible medium or expression, including but not limited to, physical drawings or other data magnetically or otherwise recorded on computer media ("**Intellectual Property**") prepared or developed by or on behalf of Consultant under this Agreement as well as any other such Intellectual Property prepared or developed by or on behalf of Consultant under this Agreement.

Authority shall have and retain all right, title and interest in Intellectual Property developed or modified under this Agreement whether or not paid for wholly or in part by Authority, whether or not developed in conjunction with Consultant, and whether or not developed by Consultant. Consultant will execute separate written assignments of any and all rights to the above referenced Intellectual Property upon request of Authority.

Consultant shall also be responsible to obtain in writing separate written assignments from any subcontractors or agents of Consultant of any and all right to the above referenced Intellectual Property. Should Consultant, either during or following termination of this Agreement, desire to use any of the above-referenced Intellectual Property, it shall first obtain the written approval of the Authority.

All materials and documents which were developed or prepared by the Consultant for general use prior to the execution of this Agreement and which are not the copyright of any other party or publicly available and any other computer applications, shall continue to be the property of the Consultant. However, unless otherwise identified and stated prior to execution of this Agreement, Consultant represents and warrants that it has the right to grant the exclusive and perpetual license for all such Intellectual Property as provided herein.

Authority further is granted by Consultant a non-exclusive and perpetual license to copy, use, modify or sub-license any and all Intellectual Property otherwise owned by Consultant which is the basis or foundation for any derivative, collective, insurrectional, or

supplemental work created under this Agreement.

5.3.3 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of Authority, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use Authority's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of Authority.

5.3.4 Infringement Indemnification. Consultant shall defend, indemnify and hold Authority, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by Authority of the Documents & Data, including any method, process, product, or concept specified or depicted.

5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

5.6 Indemnification.

5.6.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of Authority's choosing), indemnify and hold the Authority, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against Authority, its directors, officials, officers, employees, agents or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against Authority or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse Authority and its directors, officials, officers, consultants, employees, agents and/or volunteers, for any and all legal expenses and costs, including reasonable attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds,

if any, received by Consultant, the Authority, its officials, officers, employees, agents, or volunteers. This section shall survive any expiration or termination of this Agreement.

5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County, California.

5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

5.10 Authority's Right to Employ Other Consultants. Authority reserves right to employ other consultants in connection with this Project.

5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of Authority. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to Authority include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, Authority shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of Authority, during the term of his or her service with Authority, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

5.19 Equal Opportunity Employment and Subcontracting. Consultant represents that it is an equal opportunity employer and it shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of applicants, employees, subcontractors, vendors, or suppliers. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Further, Consultant shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation, or to undertake self- insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

5.23 Subcontracting. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of Authority. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have made and executed this Agreement as of the date first written above.

**ORANGE COUNTY POWER AUTHORITY, a
California joint powers authority**

**MAHER ACCOUNTANCY, a California
corporation**

By : _____
Name: _____
Title: _____

By : _____
Name: _____
Title: _____

ATTEST:

Secretary, Authority Board of Directors

By : _____
Name: _____
Title: _____

APPROVED AS TO FORM:

General Counsel

**A corporation requires the signatures of two corporate officers.*

One signature shall be that of the Chairman of Board, the President or any Vice President, and the second signature (on the attest line) shall be that of the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer of such corporation.

If the above persons are not the intended signators, evidence of signature authority shall be provided to Authority.

EXHIBIT A

SCOPE OF SERVICES

OCPA anticipates that an individual or firm will provide services under a Not-to-Exceed Cost with services billed at an hourly rate by classification of employee. Expectations for services include:

- Complete accounting system for payables and receivables with strict controls of processes.
- Collaboration with staff and consultants with the monitoring and development of budgets and actuals to date comparisons.
- Assist with financial covenants with counter parties and lenders.
- Provide periodic year-to-date accrual basis financial monitoring, reporting, and tracking.
- Assist with payroll, related taxes, and retirement accounting functions.
- Work with OCPA affiliates, such as data providers and billing agents—Calpine, Southern California Edison, Pacific Energy Advisors, The Energy Authority, and California Independent System Operator.
- File various compliance reports for state and local agencies, such as user utility taxes, energy surcharges, and state controller reports.
- Assist in treasury related functions, wire set ups, and manage a complete bill pay system.
- Other essential financial duties as needed based on contingency.
- Assis in annual audit process.
- Support on out of state business license filings and tax filings/remittances.

In addition to quarterly financial statements, the Consultant shall issue for OCPA an annualized auditable report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. This report shall include, at a minimum, Management's Discussion and Analysis, the Basic Financial Statements, and Notes to the Basic Financial Statements. Staff will assist with the narrative.

The Consultant may be required to meet independent of OCPA staff with OCPA Board members to discuss details of scope, intent, or expectations on behalf of the Board. This may be done by phone. All presentations will be held at a Board meeting in the City of Irvine, but in general the Consultant is not expected to attend unless specifically requested. Sufficient advance notice will be provided by OCPA staff, and travel reimbursements will be provided.

Additional Services

There will likely be matters that, due to complexity, size in scope, litigation, special projects, new laws or regulations, requiring services beyond that which are encompassed in the proposed scope of work. Effective communication will be essential to ensure that the need for Additional Services is discussed in advance and with a reasonable expectation of the number of services required. Additional Services, beyond the scope of work, will be billed at an hourly rate. Such services would be authorized by task orders on a case-by-case basis.

EXHIBIT B
BILLING RATES

Proposed Fees for the calendar year ending December 31, 2024:

Monthly Financial Operational Assistance Fee \$21,000

Annual Financial Statement Audit Management Fee: \$16,000

Annual Anticipated Total Cost: \$268,000

For years subsequent to 2024, inflationary increases are expected to be 4%-6% per year.

The Not to exceed contract amount is \$268,000 (excluding reimbursement of accounts payable subscriptions and transaction system fees billed by third-party vendors at cost).

Orange County Power Authority

Request for Proposal (RFP) Summary

RFP For: Financial Accounting and Audit Assistance Services
RFP No: 23-006
Type of Procurement (Informal Bidding or Formal Bidding): Formal Bidding

Event	Date
Release Request for Proposals	Friday, October 27, 2023
Questions Submitted to OCPA	Friday, November 10, 2023
OCPA Posts Response to Questions	Friday, November 17, 2023
Proposal Deadline	Friday, November 24, 2023
Short Listing and Notification for Interviews	Monday, November 27, 2023
Interviews	Friday, December 1, 2023
Contractor Recommendation/Board Approval	Wednesday, December 20, 2023
Final Negotiations/Contract Execution	Thursday, December 21, 2023

Evaluation Committee	Name	Title
Evaluator 1	Tiffany Law	CFO
Evaluator 2	Owen Lee	Director of Finance & Data Analytics
Evaluator 3	Amrit Singh	CFO & Director of Administrative (SVCE)

Proposers	Technical Evaluation Points (75%) [Max Weighted Average Point: 3.75]
Vendor 1 - Maher Accountancy	3.58

Proposers	Cost Evaluation Points (25%) [Max Weighted Average Point: 1.25]
Vendor 1 - Maher Accountancy	1.25

Proposers	Total Evaluation Points (100%) [Max Point: 5]
Vendor 1 - Maher Accountancy	4.83

The following point system is utilized for technical evaluation:

Excellent (5): If the proposal offer exceeds expectations, with an excellent probability of success in achieving all requirements of the RFP, and is very detailed in providing innovative ideas, new concepts or optional features applicable to the project.

Good (4): If the proposal offers a very good probability of success, achieves all requirements of the RFP in a reasonable fashion and provides some innovative ideas, new concepts or optional features applicable to the project.

Acceptable (3): If the proposal offers a reasonable probability of success, but some of the requirements may not be met and does not include innovative ideas, new concepts or optional features applicable to the project.

Poor (1-2): If the proposal falls short of expectations and has a low probability of success.

Unacceptable (0): If the approach completely fails the requirements.

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 9.1

To: Orange County Power Authority Board of Directors

From: Joe Mosca, Interim Chief Executive Officer

Subject: ADOPT THE 2024 MEETING SCHEDULE

Date: December 20, 2023

RECOMMENDED ACTION

Adopt Resolution No. 2023-XX A Resolution of the Board of Directors of Orange County Power Authority Establishing Regular Meetings of the Board of Directors for 2024.

BACKGROUND

The Ralph M. Brown Act (Cal. Gov. Code § 54950 *et seq.*) provides that the legislative body of each local agency shall provide, by ordinance, resolution, bylaws, or other rule, the time and place for holding its regular meetings. For the 2023 calendar year, the Board of Directors held their meetings predominantly on the 3rd Wednesday of each month, except when holidays required an adjustment, at the Travelers Building, 3333 Michelson Dr., Irvine, CA 92612 in the Palm Room.

After an extensive review of holidays and meeting dates and times of the city councils of member agencies, staff recommends regular meetings be held at 10:00 a.m. on the third Tuesday of each month at the Travelers Building, 3333 Michelson Dr., Irvine, CA 92612 in the Palm Room, except as noted below.

Exceptions: January Board meeting will be held on the third Wednesday of the month, which is January 24, 2024, at 3349 Michelson Dr., Irvine, CA 92612 in the Snyder Room in Suite 200. And, the April Board meeting will be held on the 5th Tuesday of the month, which is April 30, 2024, at 3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building.

These meeting dates are listed below and were chosen to reduce any conflicts with other meetings and holidays.

Date	Time	Location
Wednesday, January 24, 2024	10:00 a.m.	3349 Michelson Dr., Irvine, CA 92612, Snyder Room in Suite 200
Tuesday, February 20, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, March 19, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, April 30, 2024*	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building

Date	Time	Location
Tuesday, May 21, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, June 18, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, July 16, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
<i>August 2024 No Meeting</i>	<i>Dark</i>	<i>Dark</i>
Tuesday, September 17, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, October 15, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, November 19, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, December 17, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building

*April 16, 2024 conflicts with CalCCA Annual Conference April 16-18 in San Jose, CA.

FISCAL IMPACT

None

ATTACHMENTS

Resolution No. 2023-XX: A Resolution of the Board of Directors of Orange County Power Authority Establishing Regular Meetings of the Board of Directors for 2024.

Spreadsheet with holidays and the represented member cities governing board meetings.

RESOLUTION NO. 2023-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ORANGE COUNTY POWER AUTHORITY ESTABLISHING
REGULAR MEETINGS OF THE BOARD OF DIRECTORS FOR
2024

A. Orange County Power Authority (“OCPA”) is a joint powers authority formed pursuant to the Joint Exercise of Powers Act (Cal. Gov. Code § 6500 *et seq.*), California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on November 20, 2020.

B. The Ralph M. Brown Act (Cal. Gov. Code § 54950 *et seq.*) provides that the legislative body of each local agency shall provide, by ordinance, resolution, bylaws, or other rule, the time and place for holding its regular meetings.

C. The Board of Directors seeks to establish the time and meeting location for all regular meetings of the Board of Directors for the 2024 calendar year.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Orange County Power Authority Power as follows:

Section 1. For the 2024 calendar year, regular meetings of the Board of Directors shall take place on the dates set forth below and shall begin at 10:00 a.m. All regular meetings shall take place at the Travelers Building, 3333 Michelson Dr., Irvine, CA 92612 in the Palm Room with the exception of the Wednesday, January 24, 2024, meeting which will be held at 3349 Michelson Dr., Irvine, CA 92612 in the Synder Room in Suite 200. OCPA’s meetings may be held fully or partially by videoconference or teleconference as authorized by applicable law.

Date	Time	Location
Wednesday, January 24, 2024	10:00 a.m.	3349 Michelson Dr., Irvine, CA 92612, Snyder Room in Suite 200
Tuesday, February 20, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, March 19, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, April 30, 2024*	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, May 21, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, June 18, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building

Date	Time	Location
Tuesday, July 16, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
<i>August 2024 No Meeting</i>	<i>Dark</i>	<i>Dark</i>
Tuesday, September 17, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, October 15, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, November 19, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building
Tuesday, December 17, 2024	10:00 a.m.	3333 Michelson Dr., Irvine, CA 92612, Palm Room, Travelers Building

Section 2. The Board of Directors shall have the power to change the time or location of any regular meetings by amending or replacing this resolution, or cancel such meetings, or call special meetings with proper notice. Special and adjourned meetings of the Board of Directors may be called and held in the manner authorized by the Ralph M. Brown Act (Cal. Gov. Code § 54950 *et seq.*), as may be amended from time to time.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Orange County Power Authority held on December 20, 2023.

Pat Jacquez-Nares
Authority Secretary
Orange County Power Authority

2024 Meeting Dates												
Holidays			OCPA (10:00 a.m.) 3rd Tuesday		Buena Park (5:00 p.m.) 2nd & 4th Tuesdays		Irvine (4:00 p.m.) 2nd & 4th Tuesday		Fullerton (5:30 p.m.) 1st & 3rd Tuesdays		Huntington Beach (4:00 p.m.) 1st & 3rd Tuesdays	
Monday	Jan. 1 & 15	New Year's & MLK	Wednesday	Jan. 24	Tuesday	Jan. 9 & 23	Tuesday	Jan. 9 & 23	Tuesday	Jan. 2 & 16	Tuesday	Jan. 2 & 16
Monday	Feb. 19	President's	Tuesday	Feb. 20	Tuesday	Feb. 13 & 27	Tuesday	Feb. 13 & 27	Tuesday	Feb. 6 & 20	Tuesday	Feb. 6 & 20
Monday	Mar.	None	Tuesday	Mar. 19	Tuesday	Mar. 12 & 26	Tuesday	Mar. 12 & 26	Tuesday	Mar. 5 & 19	Tuesday	Mar. 5 & 19
Monday	Apr. 1	Cesar Chavez	Tuesday	Apr. 30	Tuesday	Apr. 9 & 23	Tuesday	Apr. 9 & 23	Tuesday	Apr. 2 & 16	Tuesday	Apr. 2 & 16
Monday	May 27	Memorial	Tuesday	May 21	Tuesday	May 14 & 28	Tuesday	May 14 & 28	Tuesday	May 7 & 21	Tuesday	May 7 & 21
Wednesday	Jun. 19	Juneteenth	Tuesday	Jun. 18	Tuesday	Jun. 11 & 25	Tuesday	Jun. 11 & 25	Tuesday	Jun. 4 & 18	Tuesday	Jun. 4 & 18
Thursday	Jul. 4	Independence	Tuesday	Jul. 16	Tuesday	Jul. 9 & 23	Tuesday	Jul. 9 & 23	Tuesday	Jul. 2 & 16	Tuesday	Jul. 2 & 16
August	DARK	DARK	Tuesday	Aug. 20	Tuesday	Aug. 13 & 27	Tuesday	Aug. 13 & 27	Tuesday	Aug. 6 & 20	Tuesday	Aug. 6 & 20
Monday	Sep. 2	Labor	Tuesday	Sep. 17	Tuesday	Sep. 10 & 24	Tuesday	Sep. 10 & 24	Tuesday	Sep. 3 & 17	Tuesday	Sep. 3 & 17
Monday	Oct. 14	Columbus	Tuesday	Oct. 15	Tuesday	Oct. 8 & 22	Tuesday	Oct. 8 & 22	Tuesday	Oct. 1 & 15	Tuesday	Oct. 1 & 15
Mon-Thu-Fri	Nov. 11 & 28-29	Veterans & Thanksgiving	Tuesday	Nov. 19	Tuesday	Nov. 12 & 26	Tuesday	Nov. 12 & 26	Tuesday	Nov. 5 & 19	Tuesday	Nov. 5 & 19
Wednesday	Dec. 25	Christmas	Tuesday	Dec. 17	Tuesday	Dec. 10 & 24	Tuesday	Dec. 10 & 24	Tuesday	Dec. 3 & 17	Tuesday	Dec. 3 & 17
<u>CONFLICT</u>												
April 16			CalCCA Annual Conference		April 16 - 18, 2023 In San Jose, California							

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 9.2

To: Orange County Power Authority Board of Directors

From: Tiffany Law, Chief Financial Officer

Subject: RECEIVE THE FINANCIAL AUDIT REPORT FOR THE FISCAL YEAR
ENDED JUNE 30, 2023 AND 2022 FROM PISENTI & BRINKER, LLP

Date: December 20, 2023

RECOMMENDED ACTION

Receive the Year-End Financial Statements and Independent Auditor's Report for the fiscal year ended June 30, 2023 and 2022 from Pisenti & Brinker, LLP.

BACKGROUND

The financial statements of Orange County Power Authority (OCPA) are required to undergo an annual audit by an independent certified public accountant. This audit must be completed within six months following the end of the fiscal year.

In December 2021, Pisenti & Brinker, LLP (P&B), a CPA firm with extensive experience in auditing Community Choice Aggregators (CCAs) and other local government entities in California, completed the first independent audit of OCPA's financial statements for the fiscal period ended June 30, 2021. In December 2022, P&B also completed the second independent audit for the fiscal year ended June 30, 2022. For both audits, P&B issued a clean audit opinion, indicating that the financial statements are materially accurate and present a true and fair view of the entity's financial position. Additionally, no material weaknesses in internal control were identified in either audit, underscoring the effectiveness of the entity's internal control design.

The attached reports present the results of the audit conducted by P&B for the fiscal year ended June 30, 2023. They provide detailed insights into the financial position and operations of OCPA as evaluated by P&B for the specified fiscal year.

DISCUSSION

The annual audit of the financial statements of OCPA has been diligently completed, and the comparative report prepared by Pisenti & Brinker, LLP has been officially issued. The auditors have provided a clean audit opinion, affirming the material accuracy of the financial statements and identifying no material weaknesses in internal control. From this thorough report, the OCPA staff have underscored several key highlights:

- The audit adhered strictly to Generally Accepted Auditing Standards (GAAS), ensuring the highest level of integrity and thoroughness in the auditing process.
- OCPA's financial statements are in compliance with Generally Accepted Accounting Principles (GAAP), reflecting standard accounting practices and financial transparency.

- The auditors found no need for revisions to the financial statements as prepared by OCPA staff, indicating accuracy and reliability in financial reporting.
- The financial robustness of OCPA is clearly demonstrated in the financial statements, as validated by the Independent Auditor's comprehensive report.
- OCPA is operating appropriately and transparently as discussed in the Required Board Communications conclusion.

ATTACHMENTS

1. P&B Report to the Board of Directors
2. Orange County Power Authority's Audited Financial Statements for the Fiscal Year Ended June 30, 2023 and 2022 with Report of Independent Auditors

Orange County Power Authority

For the Year Ended June 30, 2023

Report to the Board of Directors



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

3562 Round Barn Circle, Suite 200
Santa Rosa, CA 95403
+1 (707) 542-3343 Office
+1 (707) 527-5608 Fax
pbllp.com

To the Board of Directors
Orange County Power Authority
PO Box 54283
Irvine, California 92619

We are pleased to present this report related to our audit of the financial statements of Orange County Power Authority ("OCPA") as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for OCPA's financial reporting process.

This report is intended solely for the information and use of the Audit Committee, Board of Directors and management of OCPA and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Orange County Power Authority.

Pisenti & Brinker LLP

Santa Rosa, California
December 12, 2023

cc: Tiffany Law

TABLE OF CONTENTS

Required Communications	1
Significant Accounting Estimates	4
Exhibit A —Representation Letter	5
Exhibit B —Recent Accounting Pronouncements	10

REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated April 27, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated September 15, 2023 regarding the planned scope and timing of our audit and identified significant risks, if any.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by OCPA. OCPA did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

REQUIRED COMMUNICATIONS

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Departure From the Auditor's Standard Report

Reporting – Expected Other-Matter Paragraph

Accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board require that the management's discussion and analysis be presented to supplement the financial statements. We do not express an opinion or provide any assurance on the information. In light of this matter, we will include an other-matter paragraph in the auditor's report. This matter will not modify the opinion. Below is the paragraph included in the auditor's report:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing OCPA's audited financial statements is to read the information and consider whether its content or manner of its presentation is materially inconsistent with the financial information covered by our auditor's report or whether it contains a material misstatement of fact. We read OCPA's Board of Directors meeting packet materials. We did not identify material inconsistencies with the audited financial statements.

REQUIRED COMMUNICATIONS

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of OCPA, are attached as Exhibit A.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in OCPA's June 30, 2023 financial statements.

Significant Accounting Estimates

Accrued Revenue

Accounting policy/ Management's estimation process	Management's estimate of accrued revenue includes historical trends and anticipated energy usage.
---	---

Basis for our conclusion on the reasonableness of the estimate	We tested management's estimate analytically and determined management's estimate to be reasonable in relation to the financial statements taken as a whole.
---	--

Cost of Electricity

Accounting policy/ Management's estimation process	Management's estimate of accrued cost of electricity includes historical trends and anticipated energy usage.
---	---

Basis for our conclusion on the reasonableness of the estimate	We tested management's estimate through subsequent disbursements and analytical procedures and determined management's estimate to be reasonable in relation to the financial statements taken as a whole.
---	--

Allowance for Uncollectible Accounts

Accounting policy/ Management's estimation process	Management's estimate of the allowance for uncollectible accounts includes historical collection trends and anticipated future collections.
---	---

Basis for our conclusion on the reasonableness of the estimate	We evaluated the key factors and assumptions used to develop the estimate in determining that the allowance is reasonable in relation to the financial statements taken as a whole.
---	---

EXHIBIT A

Representation Letter



December 12, 2023

Pisenti & Brinker LLP
3562 Round Barn Circle, Suite 200
Santa Rosa, CA 95403

This representation letter is provided in connection with your audits of the basic financial statements of Orange County Power Authority ("OCPA") as of and for the year and period ended June 30, 2023 and 2022, respectively, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, that as of December 12, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 27, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



info@ocpower.org
(949) 767-8700
P.O. Box 54283
Irvine CA, 92619-4283



3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
9. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
10. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided



info@ocpower.org
(949) 767-8700
P.O. Box 54283
Irvine CA, 92619-4283



11. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audits;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.



info@ocpower.org
(949) 767-8700
P.O. Box 54283
Irvine CA, 92619-4283



16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
17. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
18. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
19. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect OCPA's ability to record, process, summarize and report financial data.
20. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Required Supplementary Information

22. With respect to Management's Discussion and Analysis presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.



info@ocpower.org
(949) 767-8700
P.O. Box 54283
Irvine CA, 92619-4283



Other Matters

23. With respect to other audits, examinations, and engagements currently being performed with respect to OCPA, we confirm that:

- a. We are not aware of any accusations of fraud with respect to this work.
- b. No fraud has been brought to our attention.
- c. No violations of laws or regulations have been brought to our attention.

Orange County Power Authority

Tiffany Law

Tiffany Law
Chief Financial Officer

Joseph M. Mosca

Joe Mosca, Interim CEO



info@ocpower.org
(949) 767-8700
P.O. Box 54283
Irvine CA, 92619-4283

Michael Maher

Michael Maher,
Maher Accountancy

EXHIBIT B

Recent Accounting Pronouncements

RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncements have been issued as of December 12, 2023 but unadopted that may, in our view, affect the future financial reporting by OCPA.

Pronouncement	Summary
GASB Statement No. 101, <i>Compensated Absences</i>	GASB Statement No. 101, <i>Compensated Absences</i> , is effective for fiscal years beginning July 1, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.



Financial Statements

Fiscal Years Ended June 30, 2023 and 2022
with Report of Independent Auditors

**ORANGE COUNTY POWER AUTHORITY
YEARS ENDED JUNE 30, 2023 AND 2022**

TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
Notes to the Basic Financial Statements	13



Independent Auditor's Report

To the Board of Directors
Orange County Power Authority
Irvine, California

Opinion

We have audited the financial statements of Orange County Power Authority (OCPA), which comprise the statements of net position as of June 30, 2023 and 2022, the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OCPA as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OCPA's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OCPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Santa Rosa, California
December 12, 2023

**ORANGE COUNTY POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

The Management's Discussion and Analysis provides an overview of Orange County Power Authority's (OCPA) financial activities as of and for the years ended June 30, 2023 and 2022. The information presented here should be considered in conjunction with the audited financial statements.

BACKGROUND

The formation of OCPA was made possible in 2002 by the passage of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses as an alternative to legacy Investor-Owned Utilities.

OCPA is a Community Choice Aggregator (CCA) established on November 20, 2020 pursuant to Public Utilities Code Section 366.2 and operating as a Joint Powers Authority (JPA) pursuant to Government Code section 6500 et seq. OCPA was established to provide for the acquisition of electric power for its service area as well as to provide other benefits to the residential, commercial, industrial, agricultural customers in communities located within the Cities of Buena Park, Fullerton, Huntington Beach, and Irvine.

OCPA serves approximately 257,000 accounts, with an approximate consumption of approximately 2,400 GWH in the fiscal year 2022/2023. At the core of OCPA's mission is a commitment to offering customer choice and competitive retail rates, alongside innovative energy programs designed to facilitate electrification and to reduce greenhouse gas (GHG) emissions. This reduction is achieved through long-term contracts for both existing and new utility scale renewable electricity generation. In a significant move, the OCPA Board, in July 2023, established a robust long-term strategic plan to further accelerate the reduction of GHG emissions. This plan commits OCPA to achieving a clean and renewable resource mix, with the goal of meeting 100% of its energy demand with long-term renewable sources by the year 2030.

Prior to the creation of OCPA, the City of Irvine (the City) managed the financial and administrative activities essential for the formation of this community choice aggregation program. This management included incurring various initial costs necessary to initiate OCPA and its programs. Subsequent to the formation of OCPA and in line with a capital funding agreement with the City of Irvine, OCPA accepted an obligation to reimburse the City for these specified costs. These costs encompassed not only those incurred prior to the formal Joint Powers Authority (JPA) agreement but also expenses accrued during the initial start-up phase of OCPA.

OCPA is governed by a Board consisting of five members and alternates, each representing the participating communities. This includes one elected official appointed by each member jurisdiction. The City of Irvine has a second representative until start-up funds provided by the City are fully repaid. OCPA has the rights and powers to set rates for its services, incur debt, and issue bonds or other obligations.

**ORANGE COUNTY POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Financial Reporting

OCPA presents its financial statements as an enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

Contents of this report

This report is divided into the following sections:

- Management's discussion and analysis, which provides an overview of the financial operations.
- The basic financial statements:
 - The *Statements of Net Position* includes all of OCPA's assets, liabilities, and net position and provides information about the nature and amounts of resources and obligations at a specific point in time.
 - The *Statements of Revenues, Expenses, and Changes in Net Position* reports all OCPA's revenue and expenses for the years shown.
 - The *Statements of Cash Flows* reports the cash provided and used by operating activities, as well as other sources and uses, such as debt financing.
 - The Notes to the *Basic Financial Statements* provide additional details and information related to the basic financial statements.

**ORANGE COUNTY POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

FINANCIAL HIGHLIGHTS

The following table is a summary of OCPA's assets, liabilities, and net position and a discussion of significant changes for the years ended June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets			
Cash	\$ 31,827,295	\$ 14,239,994	\$ 2,002,270
Accounts receivable & accrued revenue	45,432,187	23,511,471	-
Other current assets	16,369,468	7,901,392	4,815
Total current assets	<u>93,628,950</u>	<u>45,652,857</u>	<u>2,007,085</u>
Current liabilities			
Accrued cost of electricity	44,739,619	28,601,167	-
Other current liabilities	2,705,805	1,447,681	289,769
Total current liabilities	<u>47,445,424</u>	<u>30,048,848</u>	<u>289,769</u>
Noncurrent liabilities	<u>7,646,933</u>	<u>15,394,307</u>	<u>2,652,380</u>
Total liabilities	<u>55,092,357</u>	<u>45,443,155</u>	<u>2,942,149</u>
Net position			
Unrestricted (deficit)	<u>38,536,593</u>	<u>209,702</u>	<u>(935,064)</u>
Total net position	<u>\$ 38,536,593</u>	<u>\$ 209,702</u>	<u>\$ (935,064)</u>

Current Assets

Current assets were \$93,629,000 at the end of June 30, 2023 and consist of cash, accounts receivable, accrued revenue, and other current assets. Accrued revenue differs from accounts receivable in that it is the result of electricity provided to OCPA customers that had not been invoiced as of the statement of net position date. The increase in other current assets each year from 2021 to 2023 is due to prepayments for electricity made to suppliers.

Current Liabilities

The most significant element of current liabilities is the obligation to pay the cost of electricity delivered to customers, which are not yet due to be paid by OCPA as of the statement of net position date. These current liabilities increased year-over-year with the roll-out of providing electricity to customers.

**ORANGE COUNTY POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Noncurrent Liabilities

During 2021, OCPA borrowed approximately \$2,700,000 from the City of Irvine, which is classified as a noncurrent liability. These funds were primarily allocated to cover formation costs of \$152,000, paid directly to various professional consultants by the City of Irvine, and pre-launch costs of \$2,500,000 incurred during OCPA's start-up phase. Additionally, OCPA borrowed an additional \$5,000,000 from the City of Irvine to be used as collateral for its bank credit facility.

Also included in OCPA's noncurrent liabilities is a note payable to its financial institution lender. Throughout 2022 and 2023, OCPA made several borrowings and repayments. These borrowings were fully repaid by March 2023. Consequently, as of June 30, 2023, the outstanding balance on this note payable was \$0, down from \$7,650,000 as of June 30, 2022.

Results of Operations

The following table is a summary of OCPA's results of operations and a discussion of significant changes for the years ended June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 275,734,014	\$ 37,789,664	\$ -
Nonoperating revenues	963,543	852	83
Total revenues	<u>276,697,557</u>	<u>37,790,516</u>	<u>83</u>
Operating expenses	237,669,189	36,446,326	918,400
Nonoperating expenses	701,477	199,424	16,747
Total expenses	<u>238,370,666</u>	<u>36,645,750</u>	<u>935,147</u>
Change in net position	<u>\$ 38,326,891</u>	<u>\$ 1,144,766</u>	<u>\$ (935,064)</u>

Operating Revenues

OCPA initiated its first wave of customer enrollments, including commercial, industrial, agricultural, and municipal customer accounts, in April 2022. Operating revenues are primarily derived from the sale of electricity to nonresidential customers across its territory. OCPA reports its revenue net of an allowance for uncollectible accounts. Following the start of electricity sales in April 2022, OCPA had approximately 37,000 customers as of June 30, 2022. The onboarding of residential customers commenced in October 2022, and by the end of the fiscal year on June 30, 2023, the customer base had expanded to approximately 257,000 customers. OCPA's gross profit margin for 2022 was approximately 13.6%, with operating revenues exceeding the cost of electricity by \$5,155,000. In 2023, the gross profit margin improved to approximately 16.9%, with operating revenues exceeding the cost of electricity by \$46,501,000.

**ORANGE COUNTY POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Operating Expenses

Expenses incurred during 2021 were primarily associated with the start-up and implementation phase of OCPA. In this phase, there were no expenses related to energy purchases. However, there was a significant increase in operating expenses from 2021 to 2023, primarily attributed to the acquisition of energy for customer use. OCPA procures energy from a variety of sources, focusing on maintaining competitive costs and a balanced renewable power portfolio. As OCPA transitioned into operational strength in 2022 and 2023, there was an increase in expenses related to contract services, staff compensation, and other general and administrative costs. This growth in expenses aligns with the organization's expansion and the scaling of its operations.

Nonoperating Revenues and Expenses

Nonoperating revenues include interest earnings on investments and an exit fee charged to a member who has elected to withdraw from OCPA. Interest expenses on borrowings are included as nonoperating expenses. These costs increased in 2022 and 2023 due to increased volume of borrowings.

ECONOMIC OUTLOOK

OCPA successfully brought customer choice to Orange County, offering options for increased renewable energy at competitive rates. In less than a year of operation, OCPA procured over 95% renewable energy for more than 257,000 customers throughout Orange County, significantly outperforming the local investor-owned utility's 33% renewable energy delivery.

Following the launch of its residential services to over 200,000 customers in October 2022, OCPA was able to significantly reduce annual greenhouse gas emissions, equivalent to removing 200,000 traditionally powered vehicles from the roads. This achievement marks OCPA as a regional game-changer in its inaugural year.

Looking ahead to 2024, OCPA is strategically focused on expanding its environmental impact. We aim to attract more cities in Orange County to join our clean energy transition. To this end, OCPA has been busy meeting with staff members and policymakers from cities throughout the region. With all the momentum that OCPA is experiencing, it is likely that more of the 34 cities in Orange County will vote to join in 2024 and beyond.

An equally important goal for OCPA is to continue building a talented, creative, experienced, and high-functioning internal team to ensure that the agency's goals are met and that it is a part of the broader movement toward a clean energy future. OCPA views having a positive work culture and diverse team as critical to its future success.

Ultimately, the promise of OCPA is to be the preeminent clean energy public agency in the region, not only by equitably decarbonizing the electricity grid but also by reducing greenhouse gas emissions across all sectors.

**ORANGE COUNTY POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

REQUEST FOR INFORMATION

This financial report is designed to provide OCPA's customers and creditors with a general overview of the organization's finances and to demonstrate OCPA's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to P.O. Box 54283, Irvine, CA 92619.

Respectfully submitted,

Joe Mosca, Interim CEO

BASIC FINANCIAL STATEMENTS

ORANGE COUNTY POWER AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash - unrestricted	\$ 26,027,295	\$ 8,239,994
Cash - restricted	5,800,000	6,000,000
Accounts receivable, net of allowance	23,368,725	11,001,319
Accrued revenue	22,063,462	12,510,152
Other receivables	3,271,945	1,872,916
Prepaid expenses	11,356,560	5,803,900
Deposits	1,740,963	224,576
Total current assets	<u>93,628,950</u>	<u>45,652,857</u>
LIABILITIES		
Current liabilities		
Accrued cost of electricity	44,739,619	28,601,167
Accounts payable	511,743	583,751
Other accrued liabilities	932,519	237,519
User taxes and surcharges due to other governments	1,249,713	594,784
Accrued interest and financing costs	11,830	31,627
Total current liabilities	<u>47,445,424</u>	<u>30,048,848</u>
Noncurrent liabilities		
Note payable	-	7,650,000
Loans payable	7,527,841	7,652,380
Accrued interest and financing costs	119,092	91,927
Total noncurrent liabilities	<u>7,646,933</u>	<u>15,394,307</u>
Total liabilities	<u>55,092,357</u>	<u>45,443,155</u>
NET POSITION		
Unrestricted	<u>38,536,593</u>	<u>209,702</u>
Total net position	<u>\$ 38,536,593</u>	<u>\$ 209,702</u>

**ORANGE COUNTY POWER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
OPERATING REVENUES		
Electricity sales, net	\$ 275,734,014	\$ 37,789,664
OPERATING EXPENSES		
Cost of electricity	229,232,658	32,635,024
Contract services	5,279,249	2,572,456
Staff compensation	2,435,733	1,038,151
Other operating expenses	721,549	200,695
Total operating expenses	<u>237,669,189</u>	<u>36,446,326</u>
Operating income	<u>38,064,825</u>	<u>1,343,338</u>
NONOPERATING REVENUES (EXPENSES)		
Miscellaneous income	913,358	-
Investment income	50,185	852
Interest and financing expense	(701,477)	(199,424)
Nonoperating revenues (expenses), net	<u>262,066</u>	<u>(198,572)</u>
CHANGE IN NET POSITION	38,326,891	1,144,766
Net position (deficit) at beginning of year	209,702	(935,064)
Net position at end of year	<u><u>\$ 38,536,593</u></u>	<u><u>\$ 209,702</u></u>

ORANGE COUNTY POWER AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 259,631,529	\$ 14,872,977
Receipts from market settlements	44,563,948	913,054
Other operating receipts	1,410,916	4,815
Payments to suppliers for electricity	(266,607,579)	(12,794,428)
Payments for goods and services	(5,448,214)	(2,347,288)
Payments to employees for services	(2,381,535)	(969,641)
Payments of taxes and surcharges to other governments	(5,163,302)	-
Net cash provided (used) by operating activities	<u>26,005,764</u>	<u>(320,511)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from note payable	34,100,000	11,450,000
Proceeds from loan payable	-	5,000,000
Payments of loan principal	(124,539)	-
Payments of note principal	(41,750,000)	(3,800,000)
Payments of interest and related expenses	(694,109)	(92,617)
Net cash provided (used) by non-capital financing activities	<u>(8,468,648)</u>	<u>12,557,383</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	<u>50,185</u>	<u>348</u>
Net change in cash	17,587,301	12,237,220
Cash at beginning of year	14,239,994	2,002,774
Cash at end of year	<u>\$ 31,827,295</u>	<u>\$ 14,239,994</u>
Reconciliation to the Statement of Net Position		
Cash (unrestricted)	\$ 26,027,295	\$ 8,239,994
Cash (restricted)	5,800,000	6,000,000
Cash	<u>\$ 31,827,295</u>	<u>\$ 14,239,994</u>

**ORANGE COUNTY POWER AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	<u>2023</u>	<u>2022</u>
Operating income	\$ 38,064,825	\$ 1,343,338
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
(Increase) decrease in:		
Accounts receivable, net	(12,367,406)	(11,001,319)
Other receivables	(485,671)	(1,872,916)
Accrued revenue	(9,553,310)	(12,510,152)
Prepaid expenses	(5,552,658)	(5,803,900)
Deposits	(1,516,387)	(219,761)
Increase (decrease) in:		
Accrued cost of electricity	16,138,451	28,601,167
Accounts payable	(72,009)	408,382
Other accrued liabilities	695,000	139,866
User taxes and surcharges due to other governments	654,929	594,784
Net cash provided (used) by operating activities	<u>\$ 26,005,764</u>	<u>\$ (320,511)</u>

ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Orange County Power Authority (OCPA) is a California joint powers authority created on November 20, 2020, and its jurisdictions consist of the following local governments as of June 30, 2023:

<u>Cities</u>		<u>Counties</u>
Buena Park	Huntington Beach	County of Orange
Fullerton	Irvine	

OCPA is separate from and derives no financial support from its members. OCPA is governed by a Board of Directors comprised of five regular members with three alternates representing the participating communities. OCPA's Board members are elected officials of the member governments.

OCPA was formed to acquire retail electricity for the residents and businesses within its members' jurisdiction, study, promote, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing these objectives. A core function of OCPA is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

OCPA began its energy delivery operations in April 2022. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Southern California Edison (SCE).

BASIS OF ACCOUNTING

OCPA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

OCPA's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting, similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories, if applicable – investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available for use, OCPA will use restricted resources first, and then unrestricted resources as they are needed.

**ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH

For purpose of the Statement of Cash Flows, OCPA defines cash to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. Restricted cash reported on the Statements of Net Position includes collateral for a note payable as well as a required minimum balance to be maintained in one of OCPA's bank accounts.

PREPAID EXPENSES AND DEPOSITS

Contracts to purchase energy may require OCPA to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding. Also included are prepaid expenses and deposits for regulatory and other operating purposes.

OPERATING AND NONOPERATING REVENUE

Operating revenues include retail electricity sales to customers. The vast majority of operating revenue is derived from these sales. Investment income is considered nonoperating revenue.

NET POSITION

Net position is presented in the following components:

Unrestricted: This component of net position consists of net position that does not meet the definition of "investment in capital assets" or "restricted."

OPERATING AND NONOPERATING REVENUES

OCPA recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered, but not yet billed as of the end of the period. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded and revenues are reported net of this allowance.

Nonoperating revenues include interest earnings on investments, as well as an exit fee charged to a member who has elected to withdraw from OCPA.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs of electricity, data management expenses, SCE service fees, consultants and other professional fees, legal, staff compensation and benefits, general and administrative expenses. Expenses not meeting this definition are reported as nonoperating expenses.

**ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ELECTRICAL POWER PURCHASED

During the normal course of business, OCPA purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from contracts with energy suppliers as well as generation credits, and load and other charges arising from OCPA's participation in the California Independent System Operator's (CAISO) centralized market. The cost of electricity and capacity is recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, OCPA acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). OCPA obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. An expense is recognized at the point that the cost of the Certificate is due and payable to the supplier.

OCPA purchases capacity commitments from qualifying generators to comply with the California Public Utilities Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to the CAISO to ensure the safe and reliable operation of the grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

STAFFING COSTS

OCPA pays employees semi-monthly and fully pays its obligation for health insurance and retirement contribution benefits each month. OCPA is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. OCPA provides compensated time off, and the related liability is recorded in these financial statements.

INCOME TAXES

OCPA is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

RECLASSIFICATIONS

Certain amounts in the prior-year financial statement have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements. These reclassifications did not result in any change in the previously reported net position or change in net position.

ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH

OCPA maintains its cash in interest and non-interest-bearing accounts at U.S. Bank. OCPA's deposits are subject to California Government Code Section 16521 which requires that banks collateralize the amount of public funds in excess of the Federal Deposit Insurance Corporation limit of \$250,000 by 110%. OCPA has an investment policy addressing risks beyond the requirements of the relevant code. Accordingly, the amount of risk is not disclosed. OCPA monitors its risk exposure on an ongoing basis. As of June 30, 2023 and 2022, all of OCPA's cash was held in depository accounts or certificates of deposit.

3. ACCOUNTS RECEIVABLE

Accounts receivable were as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Accounts receivable from customers	\$27,349,043	\$11,485,998
Allowance for uncollectible accounts	<u>(3,980,318)</u>	<u>(484,679)</u>
Net accounts receivable	<u><u>\$23,368,725</u></u>	<u><u>\$11,001,319</u></u>

The majority of account collections occur within the first few months following customer invoicing. OCPA estimates that a portion of the billed accounts will not be collected. OCPA continues collection efforts on delinquent accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, OCPA continues to have success in collecting older accounts. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current fiscal year.

**ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

4. DEBT

NOTE PAYABLE

On September 20, 2021, OCPA arranged to borrow up to \$35 million from MUFG Union Bank, N.A. (MUFG) to provide cash for energy purchases and operating expenses that were due before sufficient cash could be collected from customers. In 2023, U.S. Bank acquired MUFG, and OCPA's credit line was continued with U.S. Bank. This credit facility is secured by a pledge of net revenues of OCPA after payment of energy providers and other operating expenses and a cash collateral account in the amount of \$5 million, which was borrowed from the City of Irvine pursuant to a Capital Loan Agreement with OCPA.

Principal of the revolving credit facility can be drawn as needed, and interest accrues on the outstanding balance. The credit facility has a maturity date of September 18, 2026. Interest payments are due monthly and are calculated based on the daily Secured Overnight Financing Rate (SOFR). The outstanding balance of this note payable was \$0 and \$7,650,000 as of June 30, 2023 and 2022, respectively.

LOANS PAYABLE

Pre-launch

In January 2021, OCPA borrowed \$2,500,000 from the City of Irvine for working capital costs associated with its launch. Then, in September 2021, OCPA borrowed an additional \$5,000,000 from the City of Irvine to use as collateral for its bank credit facility. The loan repayment is due on January 1, 2027. Interest on the loan is calculated based on the gross earnings for the respective quarter, as reported in the City of Irvine's Treasurer's monthly investment report. As of June 30, 2023, the estimated interest rate was 2.35% per annum.

Formation costs

In addition to the loans mentioned, there are formation-related costs that were paid directly by the City of Irvine to various professional consultants. OCPA is obligated to reimburse the City of Irvine for these costs no later than January 1, 2027. Unlike the other loans, interest does not accrue on the formation costs advanced by the City of Irvine. In 2023, OCPA repaid approximately \$125,000 of these costs, leaving a balance of \$28,000 outstanding as of June 30, 2023.

ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

4. DEBT (continued)

Note and loan principal activity and balances were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>
Year ended June 30, 2023				
Note payable	\$ 7,650,000	\$ 34,100,000	\$ (41,750,000)	\$ -
Loan payable-pre-launch costs	7,500,000	-	-	7,500,000
Loan payable-formation costs	152,380	-	(124,539)	27,841
Total	<u>\$ 15,302,380</u>	<u>\$ 34,100,000</u>	<u>\$ (41,874,539)</u>	<u>7,527,841</u>
Amounts due within one year				-
Amounts due after one year				<u>\$ 7,527,841</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>
Year ended June 30, 2022				
Note payable	\$ -	\$ 11,450,000	\$ (3,800,000)	\$ 7,650,000
Loan payable-pre-launch costs	2,500,000	5,000,000	-	7,500,000
Loan payable-formation costs	152,380	-	-	152,380
Total	<u>\$ 2,652,380</u>	<u>\$ 16,450,000</u>	<u>\$ (3,800,000)</u>	<u>15,302,380</u>
Amounts due within one year				-
Amounts due after one year				<u>\$ 15,302,380</u>

5. DEFINED CONTRIBUTION RETIREMENT PLAN

OCPA provides retirement benefits to eligible employees through a 401(a) Retirement Plan (Plan), which is a defined contribution (IRC 401(a)) retirement plan administered by Lincoln Financial. As of June 30, 2023, there were 11 plan participants. OCPA is required to contribute 10% of annual covered payroll as a match to required employee contributions. During the fiscal years ended June 30, 2023 and 2022, OCPA contributed approximately \$203,000 and \$31,000, respectively, to the 401(a) Retirement Plan. OCPA has elected out of the Social Security system for employees eligible for the Plan. The Plan's provisions and contribution requirements are established and may be amended by the Board of Directors. Additionally, OCPA offers a 457(b) Retirement Plan where employees may elect to participate and make tax-deferred contributions. OCPA provides an employer contribution to the 457(b) plan that matches the employee's voluntary contribution, up to a maximum of 4% of salary.

ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

6. RISK MANAGEMENT

OCPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, OCPA purchased insurance policies from investment-grade commercial carriers to mitigate risks that include those associated with cyber and private liability, earthquakes, theft, general liability, errors and omissions, and property damage. OCPA has general liability coverage of \$2,000,000 with a deductible of \$250.

OCPA maintains energy risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market.

Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, OCPA enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties.

7. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, OCPA enters into various power purchase agreements to procure renewable and other energy and electric capacity. The price and volume of purchased power is in most cases fixed and in some cases variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind, and hydroelectric facilities.

OCPA enters into power purchase agreements in order to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

The following table details the expected, undiscounted, contractual obligations outstanding as of June 30, 2023:

Year ended June 30,	
2024	\$ 275,700,000
2025	166,800,000
2026	105,600,000
2027	105,600,000
2028	87,100,000
2029-2046	703,500,000
Total	<u>\$ 1,444,300,000</u>

**ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

8. FUTURE GASB PRONOUNCEMENTS

The requirements of the following GASB Statements are effective for years ending after June 30, 2023:

GASB has approved GASB Statement No. 100, *Accounting Changes and Error Corrections – Amendment of GASB Statement No. 62*, and GASB Statement No. 101, *Compensated Absences*. When they become effective, application of these standards may restate portions of these financial statements.

9. SUBSEQUENT EVENT

WITHDRAWAL OF COUNTY OF ORANGE

On December 21, 2022, the County of Orange (the County) provided a notice of withdrawal from the Orange County Power Authority (OCPA). According to OCPA's Joint Powers Agreement (JPA), a member may withdraw from OCPA by providing a notice of withdrawal at least 180 days before the start of OCPA's next fiscal year, which begins on July 1. Consequently, the County's withdrawal became effective July 1, 2023. Under the terms of the JPA, the County is responsible for all related costs, and OCPA is required to mitigate these costs in a reasonable and good faith manner, ensuring they are not passed on to the ratepayers of the remaining JPA members.

Following the receipt of the County's notice in December 2022, OCPA adjusted its load expectations and procurement strategy. This enabled OCPA to effectively mitigate energy products attributable to the County's load by fully utilizing its existing contracts for energy and renewable energy requirements for its ongoing operations (not including the County).

However, OCPA faced limitations in mitigating costs related to resource adequacy capacity. Due to the California Public Utilities Commission (CPUC) year-ahead resource adequacy rules, OCPA was required to maintain all the resource adequacy it had procured for the County's anticipated 2023 load, as included in OCPA's binding load forecast filed in April 2022. Selling this resource adequacy would have led to significant penalties from the CPUC, so it was retained and could not be monetized or otherwise mitigated. As a result, under Section 6.3 of the JPA, the County is responsible for the cost of this unutilized resource adequacy capacity. The liability for this resource adequacy, covering November and December 2023, amounted to \$888,508, calculated by multiplying the County customers' resource adequacy needs for these months by the average price of OCPA's contracts.

**ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

9. SUBSEQUENT EVENT (continued)

In addition to this liability, OCPA incurred \$24,850 in expenses with professional advisors to address legal and regulatory issues arising from the County's withdrawal. Therefore, as of June 30, 2023, the total receivable for the County's withdrawal was at \$913,358.

The withdrawal took effect before the scheduled transition of customers from Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E) to OCPA in November 2023. OCPA has coordinated with the CPUC, SCE, and SDG&E and does not expect additional liabilities from SCE or SDG&E, as the County withdrew before the enrollment and service commencement for County residents and businesses.

WITHDRAWAL OF HUNTINGTON BEACH

On May 17, 2023, the City of Huntington Beach (the City) gave notice of its withdrawal as a member of OCPA. Pursuant to the terms of the JPA, the City's withdrawal will become effective July 1, 2024, and all OCPA customers within the City's geographic boundary will transition to SCE bundled service.

OCPA and SCE will begin transitioning City net energy metering ("NEM") customers starting on April 1, 2024, and throughout the month of April, based on the customers' regular billing periods and the annual true-up. The transition of the remaining City customers will begin on June 1, 2024, and continue throughout the month of June, concluding on June 30, 2024.

Upon receiving notice of the City's withdrawal in May 2023, OCPA took action to adjust its system energy and renewables portfolio for 2024. These adjustments included reducing the acquisition of system energy and renewables to fill open positions for the year, thereby effectively mitigating potential liabilities. As a result of these strategic actions, OCPA will not incur any liability from system energy contracts as a result of the City's withdrawal and its proportion of OCPA's load.

OCPA has purchased resource adequacy for 2024 to satisfy its year-ahead resource adequacy obligations with the CPUC and California Independent System Operator. The CPUC has notified OCPA that its year-ahead load forecast cannot be amended to reflect the City's return to SCE bundled service, which means OCPA cannot reduce its resource adequacy obligations. Consequently, OCPA must retain the resource adequacy that is attributable to the City's load for the months of July through December 2024. This situation prevents OCPA from selling any excess resource adequacy due to compliance obligations, resulting in a stranded cost of \$6,680,079 to OCPA, for which the City is liable to reimburse OCPA.

**ORANGE COUNTY POWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

9. SUBSEQUENT EVENT (continued)

In accordance with Rule 23, OCPA is subject to SCE's imposition of reentry fees for the return of the City's customers. These fees include SCE's incremental administrative and procurement costs. SCE has stated that if it receives six-month notice prior to the reentry date, procurement-related costs will not be charged, although administrative costs will still be incurred and recovered. Accordingly, a six-month notice for NEM customers was provided on September 29, 2023, and a six-month notice for non-NEM customers was provided on November 8, 2023. SCE's administrative costs, as detailed in its Schedule CCA-SF, are based on a per customer reentry fee. However, SCE may elect to track its actual incremental administrative costs in lieu of the per customer fee. Additionally, OCPA will not know SCE's methodology or the total reentry fees charged until SCE submits an advice letter to the CPUC, which will notify both the CPUC and OCPA of the fees. Ultimately, the costs imposed on OCPA by SCE, as outlined in the advice letter, will be the City's responsibility as per the terms of the JPA and will be subject to verification and documentation.

In addition to the SCE administrative costs, OCPA expects to incur internal administrative and legal costs in connection with the City's reentry, such as consulting fees associated with the transition and calculation of procurement costs, the hiring of a project manager to facilitate a smooth transition of customers back to SCE, printing costs required for customer notice of their return to bundled service, and OCPA legal costs.

Lastly, on October 23, 2023, the City approved the transition of all existing customers from the 100% Renewable to the Basic Choice tier, effective January 1, 2024. This change will reduce the cost of renewable energy that OCPA needs to purchase to meet its renewable energy requirements for the first six months of 2024 by \$7,467,753 (Renewable Cost Savings). This is a direct cost savings to OCPA that is associated with the withdrawal and transition of the City's customers, and therefore the Renewable Cost Savings will be applied to the City's liability for all withdrawal costs, including stranded resource adequacy costs, SCE administrative costs, and OCPA administrative, consulting, and legal costs.

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 9.3

To: Orange County Power Authority Board of Directors

From: Steven Halligan, Regulatory and Legislative Manager

Subject: ADOPT 2024 OCPA LEGISLATIVE AND REGULATORY POLICY PLATFORM

Date: December 20, 2023

RECOMMENDED ACTION

Adopt 2024 OCPA Legislative and Regulatory Policy Platform.

BACKGROUND

The Orange County Power Authority (OCPA) Legislative and Regulatory Policy Platform (Platform) serves as a guide to the OCPA Board of Directors and staff in their advocacy efforts and engagement on policy matters of interest to OCPA. The Platform allows both members of the OCPA Board of Directors and OCPA staff to pursue actions at the regional, state, and federal legislative and regulatory levels in a consistent manner and with the understanding that they are pursuing actions in the best interest of the organization and its mission, customers, and member agencies.

The Platform enables the organization to move swiftly to respond to issues brought before Legislature and Executive Branch agencies including the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), California Independent System Operator (CAISO), and the California Air Resources Board (CARB) so that OCPA's views can be heard on important matters in a timely fashion.

The Platform provides direction to OCPA staff on positions that should be taken on regulatory matters and legislative bill proposals. The Platform also provides guidance to the Chief Executive Officer on positions that should be taken on legislative and regulatory matters that come before the California Community Choice Association (CalCCA) Board of Directors.

The Platform consists of eight (8) priority focus areas, which are:

- 1) Affordability and Rates,
- 2) Clean and Reliable Grid,
- 3) Climate Change Mitigation,
- 4) Customer Programs,
- 5) Data Access,
- 6) Diversity, Equity and Inclusion,
- 7) Local Control and Development, and
- 8) Power Resources Planning and Procurement

Feedback on this Platform was solicited from the Community Advisory Committee, member agencies, and non-governmental organizations. Feedback received from these groups has been incorporated into the Platform.

FISCAL IMPACT

None

ATTACHMENTS

Attachment – Draft 2024 OCPA Legislative and Regulatory Policy Platform

DRAFT 2024 Orange County Power Authority Legislative and Regulatory Policy Platform

Overview and Purpose

The Orange County Power Authority (OCPA) Legislative and Regulatory Policy Platform (Platform) serves as a guide to the OCPA Board of Directors and staff in their advocacy efforts and engagement on policy matters of interest to OCPA. The Platform allows both members of the OCPA Board of Directors and OCPA staff to pursue actions at the regional, state, and federal legislative and regulatory levels in a consistent manner and with the understanding that they are pursuing actions in the best interest of the organization and its mission, customers, and member agencies.

The Platform enables the organization to move swiftly to respond to issues brought before Legislature and Executive Branch agencies including the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), California Independent System Operator (CAISO), and the California Air Resources Board (CARB) so that OCPA's views can be heard on important matters in a timely fashion.

The Platform provides direction to OCPA staff on positions that should be taken on regulatory matters and legislative bill proposals. The Platform also provides guidance to the Chief Executive Officer on positions that should be taken on legislative and regulatory matters that come before the California Community Choice Association (CalCCA) Board of Directors.

Policy Platform

Affordability and Rates

OCPA supports rates that are competitively priced, enable high-value services to OCPA customers, and support cost-of-service that includes funds needed to cover operations, meet reserve targets, and fund decarbonization programs.

OCPA will:

- Support policies that promote affordable rates for all Californians while ensuring ratepayer equity and maintaining ratemaking autonomy for Community Choice Aggregators (CCA).

- Support policies that minimize the cost of service and eliminate unnecessary costs so OCPA can provide more affordable electricity to customers.
- Pursue administrative and legislative initiatives that will ensure that non-bypassable charges assessed for OCPA customers are fair, and that OCPA's customers are not unnecessarily burdened by non-bypassable charges.
- Pursue administrative and legislative initiatives to ensure that OCPA is eligible to apply and receive funding made available to the electricity sector for decarbonization, reliability, and affordability purposes, and that OCPA's financial health is not disparately impacted by new regulations.
- Advocate for Provider of Last Resort fees that appropriately factor in the risk of LSE failure.
- Support rate structures that encourage electrification.
- Advocate for rate reform so programs like wildfire mitigation and public purpose programs are funded outside of rates.

Clean and Reliable Grid

OCPA supports investments and removal of barriers in building transmission and renewable projects to enable the transition to a cleaner grid. OCPA supports a reliable electric system, including the smart buildout of the distribution grid to prepare for increased electrification.

OCPA will:

- Support investments in transmission upgrades and efforts to reduce interconnection barriers and distribution grid failures, including addressing permitting challenges and increasing transparency.
- Support efforts to ease supply chain challenges and get renewable projects online faster.
- Advocate for investments that increase the reliability of the electric system and recognize the role of fossil plants as the system transitions to renewables.
- Ensure that penalties increase the production of renewables instead of simply raising the floor price of energy in the market.

Climate Change Mitigation

OCPA supports funding, projects, and programs to decarbonize the economy, especially in the electric, building, and transportation sectors. OCPA seeks opportunities to amplify our programs through regional, state, and federal levels both through policy and funding. OCPA supports efforts to remove barriers to fuel switching/decarbonization.

OCPA will:

- Understand and advocate for funding opportunities to support clean energy and climate change mitigation, including the Federal Inflation Reduction Act.
- Support efforts to transition buildings to electric, including removing the obligation to serve gas requirement and efforts to modernize permitting.
- Support funding for EV infrastructure and ensure EV policies are technology neutral.
- Advocate for the fair valuation of resources, including capturing the value of demand-side resources better in the CAISO.
- Advocate for increased funding for clean energy workforce training and investments to reduce fossil damage in low-income communities.
- Support efforts to decarbonize industrial uses and processes, including reducing the use of baseload fuel cells that use natural gas.

Customer Programs

OCPA supports funding to provide energy support services, education, and opportunities for reducing energy costs to all customers including those who are low-income, seniors, veterans, and/or people with disabilities. OCPA supports policies and efforts to ensure that services and education are offered in languages other than English.

OCPA will:

- Support legislation and initiatives that increase funding for energy efficiency, demand response, solar plus storage, transportation electrification programs, and energy literacy services.
- Pursue administrative and legislative initiatives that will enable OCPA to pursue demand response programs and opportunities for its customers.
- Pursue administrative and legislative initiatives to promote electrification of the transportation sector in response to state and federal goals aimed at increasing the usage of zero emission vehicles.
- Pursue administrative and legislative initiatives that support the ability of OCPA to promote electrification and the reduction of natural gas usage in the building sector.
- Pursue administrative and legislative initiatives that support the ability of OCPA and its member agencies to offer local grid management and resiliency solutions to increase local reliability and adaptability that could protect against power outages and extreme heat.
- Pursue administrative and legislative initiatives that support the ability of OCPA to offer and utilize distributed energy resources as part of its reliability, resiliency and community engagement strategies.

- Pursue administrative and legislative initiatives that support the ability of OCPA to explore new opportunities related to behind the meter clean energy resources.
- Pursue administrative and legislative initiatives that support the ability of OCPA to offer programs directed at multi-family properties.

Data Access

OCPA recognizes the importance of having accurate and timely data. This data is vital to improve billing accuracy and to inform the development and implementation of customer programs. It is important that OCPA is not charged exorbitant fees to obtain this data.

OCPA will:

- Pursue administrative and legislative initiatives that will enable OCPA to obtain timely and accurate access to its customers' data to improve billing accuracy and inform the development and implementation of customer programs.
- Support policies that enhance timely access by CCAs to quality billing data to enable demand flexibility initiatives and innovative rate design.
- Pursue administrative and legislative initiatives to ensure that the fees due to Investor-Owned Utilities for data access and management are fairly assessed based on data needs and potential technological improvements.

Diversity, Equity and Inclusion

OCPA supports policies that consider equitable treatment of low-income and historically underserved communities through affordable electricity rates, priority access to decarbonization and climate mitigation programs.

OCPA will:

- Support programs that invest in low-income and historically disadvantaged communities (communities of concern) either through separate tracks that dedicate funding to or that give deeper levels of subsidies for these groups.
- Support multi-family properties and tenant access to the benefits of decarbonization programs and tenant protections.
- Support efforts to repeal Proposition 209, which limits public agencies' ability to engage in equity efforts.
- Support legislation and regulation that supports the ability of communities of concern in the OCPA service area to have affordable, reliable and clean energy.
- Support legislation and regulation that strengthens the resilience of vulnerable communities to the impacts of climate change.

- Support legislation and regulation that enables all communities, including emerging and historically marginalized communities in California, to participate in decarbonization efforts.
- Support legislation, regulation and policies that internalize the externalities of carbon, through true cost pricing and social cost accounting.
- Support legislation and initiatives that would reduce local air pollution, reduce other negative local impacts associated with energy production, and boost adoption of distributed energy resources within communities of concern.
- Oppose legislation and initiatives that have the potential to disproportionately and negatively impact communities of concern.

Local Control and Development

OCPA supports the CCA model of local government governance, while acknowledging system-wide needs. Any system needs should give maximum flexibility to allow local authority and discretion to meet goals. OCPA will support any legislation, policies, funding, referenda, and budgets that maintain or improve the stability of CCAs by ensuring regulatory structure is equitable and enables CCAs to meet their mission and goals. Maintaining local decision-making authority, including rate-setting authority and procurement of energy, is a key pillar for this stability.

OCPA will:

- Advocate for fair and equitable exit fees that prevent cost-shifting among customers.
- Oppose policy mandates that violate CCA ratemaking autonomy.
- Engage in conversations about the role of a “Central Procurement Entity” that preserves CCA’s responsibility to procure energy while finding a system that maximizes cost efficiency and reliability.
- Advocate for flexible Brown Act requirements that allow remote access for both the public and board members.
- Advocate for goal-based procurement instead of prescriptive, technology-specific mandates.
- Advocate for increased visibility into the distribution grid and an open access platform to provide clear information and signals about where Distribute Energy Resource buildout is optimal.
- Oppose any legislation, policies, funding, referenda, and budgets that undermine or circumvent CCAs and impede the ability of OCPA to achieve its mission and goals or its value proposition.

- Support any legislation, policy, funding, referenda, and budgets that enhance OCPA's ability to invest in local clean energy, including infill solar and battery storage, as well as other distributed energy resources, grid resiliency, zero-emission transportation, all while promoting equity in the communities that it serves.
- Oppose any legislation, policy, funding, referenda, and budgets that limit or undermine OCPA's ability to invest in local clean energy, distributed energy resources, zero-emission transportation, all while promoting equity in the communities that it serves.
- Pursue administrative and legislative initiatives that support supplier diversity in OCPA's contracting activities and through women-owned, minority-owned, disabled-veteran-owned, and lesbian, gay, bisexual, and/or transgender owned business enterprises.
- Pursue administrative and legislative initiatives to protect OCPA's ability to expand its service to new member agencies.
- Pursue administrative and legislative initiatives to protect OCPA Board's authority over OCPA's procurement, rate-setting, and customer program development activities.

Power Resources Planning and Procurement

The ability for OCPA to fairly and independently plan and procure power resources is vital to the goals of the agency. OCPA acknowledges the many challenges facing California and the transition to renewable energy and seeks to help address Resource Adequacy market issues. OCPA must ensure stable and fair market access and remove barriers for demand response and microgrid resources.

OCPA will:

- Support legislation and regulation to address shortfalls in the Resource Adequacy market including transmission constraints, interconnection or project delays, and minimizing market power.
- Oppose legislation and regulation that would supplant CCAs' procurement authority for Resource Adequacy or impose compliance penalties not grounded in market realities.
- Support reform of the CPUC Resource Adequacy program to allow for stability in the resource adequacy value of existing resources and allow for departing load to access existing resources at fair market value.
- Advocate for and support efforts to remove barriers to demand response microgrids and behind the meter resources to provide Resource Adequacy.
- Oppose legislation and regulation that restricts or limits OCPA's ability to procure its own energy products to meet state policy goals.
- Support legislation that promotes a level playing field between CCAs and other market participants.

- Support legislation that enhances the flexibility of CCA programs to support statewide procurement policy and develop and expand programs, local options, and rate design to support OCPA's community and customers.
- Pursue administrative and legislative initiatives that will enable OCPA to secure capacity resources to meet its reliability obligations, such as initiatives that evaluate the supply of capacity resources available to load serving entities (LSEs), determine the appropriate market mechanisms for LSEs to procure capacity resources, and develop a durable policy framework that encourages all LSEs to construct their fair share of new capacity resources to maintain grid reliability while pursuing decarbonization efforts.
- Pursue administrative and legislative initiatives that will maximize OCPA's ability to procure carbon-free resources to meet or exceed the needs of OCPA's three product offerings and its long-term carbon-free procurement goal as required by SB 100 and other statutory or regulatory obligations.
- Pursue administrative and legislative initiatives that will maximize OCPA's ability to procure eligible Renewable Portfolio Standard (RPS) resources to meet the needs of OCPA's three product offerings and its long-term RPS procurement goal as required by SB 100 and other statutory or regulatory obligations.
- Pursue administrative and legislative initiatives that will maximize OCPA's ability to plan and procure resources to meet various environmental and reliability goals set by state laws and by its Board of Directors, while offering affordable products and programs to serve its customers, including disadvantaged communities.
- Pursue administrative and legislative initiatives that will provide OCPA adequate access to transmission capacity to maximize its procurement of RPS-eligible or carbon-free resources that meet various statutory and regulatory requirements.
- Pursue administrative and legislative initiatives that support the research and development of new energy resources that can be procured to meet the reliability and decarbonization goals set by the State and its Board of Directors.

Any questions regarding this Platform can be directed to Steven Halligan, Regulatory and Legislative Manager, at SHalligan@ocpower.org.

DRAFT 2024 Orange County Power Authority Legislative and Regulatory Policy Platform

Overview and Purpose

The Orange County Power Authority (OCPA) Legislative and Regulatory Policy Platform (Platform) serves as a guide to the OCPA Board of Directors and staff in their advocacy efforts and engagement on policy matters of interest to OCPA. The Platform allows both members of the OCPA Board of Directors and OCPA staff to pursue actions at the regional, state, and federal legislative and regulatory levels in a consistent manner and with the understanding that they are pursuing actions in the best interest of the organization and its mission, customers, and member agencies.

The Platform enables the organization to move swiftly to respond to issues brought before Legislature and Executive Branch agencies including the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), California Independent System Operator (CAISO), and the California Air Resources Board (CARB) so that OCPA's views can be heard on important matters in a timely fashion.

The Platform provides direction to OCPA staff on positions that should be taken on regulatory matters and legislative bill proposals. The Platform also provides guidance to the Chief Executive Officer on positions that should be taken on legislative and regulatory matters that come before the California Community Choice Association (CalCCA) Board of Directors.

Policy Platform

Affordability and Rates

OCPA supports rates that are competitively priced, enable high-value services to OCPA customers, and support cost-of-service that includes funds needed to cover operations, meet reserve targets, and fund decarbonization programs.

OCPA will:

- Support policies that promote affordable rates for all Californians while ensuring ratepayer equity and maintaining ratemaking autonomy for Community Choice Aggregators (CCA).

- Support policies that minimize the cost of service and eliminate unnecessary costs so OCPA can provide more affordable electricity to customers.
- Pursue administrative and legislative initiatives that will ensure that non-bypassable charges assessed for OCPA customers are fair, and that OCPA's customers are not unnecessarily burdened by non-bypassable charges.
- Pursue administrative and legislative initiatives to ensure that OCPA is eligible to apply and receive funding made available to the electricity sector for decarbonization, reliability, and affordability purposes, and that OCPA's financial health is not disparately impacted by new regulations.
- Advocate for Provider of Last Resort fees that appropriately factor in the risk of LSE failure.
- Support rate structures that encourage electrification.
- Advocate for rate reform so programs like wildfire mitigation and public purpose programs are funded outside of rates.

Clean and Reliable Grid

OCPA supports investments and removal of barriers in building transmission and renewable projects to enable the transition to a cleaner grid. OCPA supports a reliable electric system, including the smart buildout of the distribution grid to prepare for increased electrification.

OCPA will:

- Support investments in transmission upgrades and efforts to reduce interconnection barriers and distribution grid failures, including addressing permitting challenges and increasing transparency.
- Support efforts to ease supply chain challenges and get renewable projects online faster.
- Advocate for investments that increase the reliability of the electric system and recognize the role of fossil plants as the system transitions to renewables.
- Ensure that penalties increase the production of renewables instead of simply raising the floor price of energy in the market.

Climate Change Mitigation

OCPA supports funding, projects, and programs to decarbonize the economy, especially in the electric, building, and transportation sectors. OCPA seeks opportunities to amplify our programs through regional, state, and federal levels both through policy and funding. OCPA supports efforts to remove barriers to fuel switching/decarbonization.

OCPA will:

- Understand and advocate for funding opportunities to support clean energy and climate change mitigation, including the Federal Inflation Reduction Act.
- Support efforts to transition buildings to electric, including removing the obligation to serve gas requirement and efforts to modernize permitting.
- Support funding for EV infrastructure and ensure EV policies are technology neutral.
- Advocate for the fair valuation of resources, including capturing the value of demand-side resources better in the CAISO.
- Advocate for increased funding for clean energy workforce training and investments to reduce fossil damage in low-income communities.
- Support efforts to decarbonize industrial uses and processes, including reducing the use of baseload fuel cells that use natural gas.

Customer Programs

OCPA supports funding to provide energy support services, education, and opportunities for reducing energy costs to all customers including those who are low-income, seniors, veterans, and/or people with disabilities. OCPA supports policies and efforts to ensure that services and education are offered in languages other than English.

OCPA will:

- Support legislation and initiatives that increase funding for energy efficiency, demand response, solar plus storage, transportation electrification programs, and energy literacy services.
- Pursue administrative and legislative initiatives that will enable OCPA to pursue demand response programs and opportunities for its customers.
- Pursue administrative and legislative initiatives to promote electrification of the transportation sector in response to state and federal goals aimed at increasing the usage of zero emission vehicles.
- Pursue administrative and legislative initiatives that support the ability of OCPA to promote electrification and the reduction of natural gas usage in the building sector.
- Pursue administrative and legislative initiatives that support the ability of OCPA and its member agencies to offer local grid management and resiliency solutions to increase local reliability and adaptability that could protect against power outages and extreme heat.
- Pursue administrative and legislative initiatives that support the ability of OCPA to offer and utilize distributed energy resources as part of its reliability, resiliency and community engagement strategies.

- Pursue administrative and legislative initiatives that support the ability of OCPA to explore new opportunities related to behind the meter clean energy resources.
- Pursue administrative and legislative initiatives that support the ability of OCPA to offer programs directed at multi-family properties.

Data Access

OCPA recognizes the importance of having accurate and timely data. This data is vital to improve billing accuracy and to inform the development and implementation of customer programs. It is important that OCPA is not charged exorbitant fees to obtain this data.

OCPA will:

- Pursue administrative and legislative initiatives that will enable OCPA to obtain timely and accurate access to its customers' data to improve billing accuracy and inform the development and implementation of customer programs.
- Support policies that enhance timely access by CCAs to quality billing data to enable demand flexibility initiatives and innovative rate design.
- Pursue administrative and legislative initiatives to ensure that the fees due to Investor-Owned Utilities for data access and management are fairly assessed based on data needs and potential technological improvements.

Diversity, Equity and Inclusion

OCPA supports policies that consider equitable treatment of low-income and historically underserved communities through affordable electricity rates, priority access to decarbonization and climate mitigation programs.

OCPA will:

- Support programs that invest in low-income and historically disadvantaged communities (communities of concern) either through separate tracks that dedicate funding to or that give deeper levels of subsidies for these groups.
- Support multi-family properties and tenant access to the benefits of decarbonization programs and tenant protections.
- Support efforts to repeal Proposition 209, which limits public agencies' ability to engage in equity efforts.
- Support legislation and regulation that supports the ability of communities of concern in the OCPA service area to have affordable, reliable and clean energy.
- Support legislation and regulation that strengthens the resilience of vulnerable communities to the impacts of climate change.

- Support legislation and regulation that enables all communities, including emerging and historically marginalized communities in California, to participate in decarbonization efforts.
- Support legislation, regulation and policies that internalize the externalities of carbon, through true cost pricing and social cost accounting.
- Support legislation and initiatives that would reduce local air pollution, reduce other negative local impacts associated with energy production, and boost adoption of distributed energy resources within communities of concern.
- Oppose legislation and initiatives that have the potential to disproportionately and negatively impact communities of concern.

Local Control and Development

OCPA supports the CCA model of local government governance, while acknowledging system-wide needs. Any system needs should give maximum flexibility to allow local authority and discretion to meet goals. OCPA will support any legislation, policies, funding, referenda, and budgets that maintain or improve the stability of CCAs by ensuring regulatory structure is equitable and enables CCAs to meet their mission and goals. Maintaining local decision-making authority, including rate-setting authority and procurement of energy, is a key pillar for this stability.

OCPA will:

- Advocate for fair and equitable exit fees that prevent cost-shifting among customers.
- Oppose policy mandates that violate CCA ratemaking autonomy.
- Engage in conversations about the role of a “Central Procurement Entity” that preserves CCA’s responsibility to procure energy while finding a system that maximizes cost efficiency and reliability.
- Advocate for flexible Brown Act requirements that allow remote access for both the public and board members.
- Advocate for goal-based procurement instead of prescriptive, technology-specific mandates.
- Advocate for increased visibility into the distribution grid and an open access platform to provide clear information and signals about where Distribute Energy Resource buildout is optimal.
- Oppose any legislation, policies, funding, referenda, and budgets that undermine or circumvent CCAs and impede the ability of OCPA to achieve its mission and goals or its value proposition.

- Support any legislation, policy, funding, referenda, and budgets that enhance OCPA's ability to invest in local clean energy, including infill solar and battery storage, as well as other distributed energy resources, grid resiliency, zero-emission transportation, all while promoting equity in the communities that it serves.
- Oppose any legislation, policy, funding, referenda, and budgets that limit or undermine OCPA's ability to invest in local clean energy, distributed energy resources, zero-emission transportation, all while promoting equity in the communities that it serves.
- Pursue administrative and legislative initiatives that support supplier diversity in OCPA's contracting activities and through women-owned, minority-owned, disabled-veteran-owned, and lesbian, gay, bisexual, and/or transgender owned business enterprises.
- Pursue administrative and legislative initiatives to protect OCPA's ability to expand its service to new member agencies.
- Pursue administrative and legislative initiatives to protect OCPA Board's authority over OCPA's procurement, rate-setting, and customer program development activities.

Power Resources Planning and Procurement

The ability for OCPA to fairly and independently plan and procure power resources is vital to the goals of the agency. OCPA acknowledges the many challenges facing California and the transition to renewable energy and seeks to help address Resource Adequacy market issues. OCPA must ensure stable and fair market access and remove barriers for demand response and microgrid resources.

OCPA will:

- Support legislation and regulation to address shortfalls in the Resource Adequacy market including transmission constraints, interconnection or project delays, and minimizing market power.
- Oppose legislation and regulation that would supplant CCAs' procurement authority for Resource Adequacy or impose compliance penalties not grounded in market realities.
- Support reform of the CPUC Resource Adequacy program to allow for stability in the resource adequacy value of existing resources and allow for departing load to access existing resources at fair market value.
- Advocate for and support efforts to remove barriers to demand response microgrids and behind the meter resources to provide Resource Adequacy.
- Oppose legislation and regulation that restricts or limits OCPA's ability to procure its own energy products to meet state policy goals.
- Support legislation that promotes a level playing field between CCAs and other market participants.

- Support legislation that enhances the flexibility of CCA programs to support statewide procurement policy and develop and expand programs, local options, and rate design to support OCPA's community and customers.
- Pursue administrative and legislative initiatives that will enable OCPA to secure capacity resources to meet its reliability obligations, such as initiatives that evaluate the supply of capacity resources available to load serving entities (LSEs), determine the appropriate market mechanisms for LSEs to procure capacity resources, and develop a durable policy framework that encourages all LSEs to construct their fair share of new capacity resources to maintain grid reliability while pursuing decarbonization efforts.
- Pursue administrative and legislative initiatives that will maximize OCPA's ability to procure carbon-free resources to meet or exceed the needs of OCPA's three product offerings and its long-term carbon-free procurement goal as required by SB 100 and other statutory or regulatory obligations.
- Pursue administrative and legislative initiatives that will maximize OCPA's ability to procure eligible Renewable Portfolio Standard (RPS) resources to meet the needs of OCPA's three product offerings and its long-term RPS procurement goal as required by SB 100 and other statutory or regulatory obligations.
- Pursue administrative and legislative initiatives that will maximize OCPA's ability to plan and procure resources to meet various environmental and reliability goals set by state laws and by its Board of Directors, while offering affordable products and programs to serve its customers, including disadvantaged communities.
- Pursue administrative and legislative initiatives that will provide OCPA adequate access to transmission capacity to maximize its procurement of RPS-eligible or carbon-free resources that meet various statutory and regulatory requirements.
- Pursue administrative and legislative initiatives that support the research and development of new energy resources that can be procured to meet the reliability and decarbonization goals set by the State and its Board of Directors.

Any questions regarding this Platform can be directed to Steven Halligan, Regulatory and Legislative Manager, at SHalligan@ocpower.org.

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 10

To: Orange County Power Authority Board of Directors

From: Joe Mosca, Interim Chief Executive Officer

Subject: CHIEF EXECUTIVE OFFICER’S REPORT

Date: December 20, 2023

2024 Rate Design Update – *NEW DATE* for Continued Discussion and Decision

On November 8, the OCPA Board held its first meeting focused on shaping the 2024 rate design. The discussion yielded valuable insights and directives from the Board regarding the desired objectives for the upcoming rate design. However, a recent development from SCE has emerged, necessitating a revision of our 2024 Rate Design timeline from **December 20, 2023 to January 24, 2024.**

The CPUC issued a proposed decision on November 7th in SCE’s 2024 ERRA proceeding. This decision, pending adoption on November 30th, aligns with a CalCCA-proposed adjustment. It proposes a decrease in 2024 PCIA rates while increasing bundled generation rates, compared to SCE’s initial proposal for 2024. This change is crucial as it directly influences the final SCE rates for 2024. Additionally, SCE will update its PABA and ERRA balancing accounts with the latest actuals through October or November 2023, depending on the data availability in early December 2023. These updates will affect PCIA and bundled generation rates, which will be incorporated into January 2024 rate adjustment. Following the CPUC’s final decision in the ERRA case, SCE will file an advice letter to the CPUC by December 31st, consolidating all determinative data for the January 2024 rate revision.

In light of these new developments and considering that the finalized 2024 SCE rates will only be accessible by the end of December 2023, staff find it imperative to reschedule our 2024 Rate Design discussion to ensure our rate design decisions are informed by the most current and comprehensive information available.

Human Resources Update

We are pleased to announce that Linda Kraemer and Saul Viramontes joined our team on December 1st. Linda Kraemer joins us as our Community Engagement Manager in our Communications and External Affairs team. Saul Viramontes is our new Management Analyst.

We are currently wrapping up the Director of Power Resources recruitment and hope to have an announcement regarding that position soon.

The application window has closed for the Energy Programs Analyst and Administrative Assistant. Interviews for both positions will be scheduled in the following weeks.

We will be posting additional planned job openings in the coming months including Data & Systems Manager, Finance Manager, Trading Manager, Risk Management Analyst, and Energy Contract & Compliance Specialist.

We will keep <https://www.ocpower.org/about-us/careers/> up to date on job openings at OCPA.

Events

December has been a busy month for the OCPA team. The OCPA team attended:

- The Huntington Beach – State of the City event (11/30)
- Tree lighting ceremonies in Buena Park (12/1), Fullerton (12/2), Irvine (12/2)
- Sustain SoCal – Climate Action Business Incubator (12/5)
- Orange County Business Council’s Turning Red Tape into Red Carpet Awards (12/6)
- Participated Fullerton Collaborative group’s monthly meeting (12/11)
- OC Board of Supervisors’ Open House Event (12/12)
- State/Local Energy & Climate Coordination Quarterly Meeting (12/14)

Moreover, on December 12, we presented to the Orange City Council on the benefits of becoming a member agency. The presentation was well received by the city staff and city council. There is every indication that the city is looking forward to continuing the conversation with OCPA in 2024.

We are looking forward to many exciting events in December and January. The OCPA team will be at the following events:

<u>City</u>	<u>Event</u>	<u>Date</u>	<u>Time</u>
Huntington Beach	Surf City Winter Wonderland	TBD (Dec-Jan)	4:00 PM – 8:00 PM
Huntington Beach	Breakfast with Santa	Saturday, December 9	8:30 AM – 12:30 PM
Buena Park	Candy Caneland	Saturday, December 9	10:00 AM – 4:00 PM
Fullerton	First Night - New Year's Celebration	Sunday, December 31	7:00 PM – 12:00 AM
Buena Park	Elected Officials Reception	Friday, January 26	4:00 PM – 6:00 PM

Attachments:

A) Non Power Supply Contracts In Excess of \$50,000 to Under \$100,000

Orange County Power Authority

Non Power Supply Contracts In Excess of \$50,000 to Under \$100,000

Item No	Vendor	Term	Contract Amount	Brief Service Description	Remark
1	Best Best & Krieger (BBK)	N/A	See Remark	Legal services including General Counsel, Power Procurement Transactional Support, Clerk Support, and Regulatory Related Services	BBK has kept the rates for OCPA unchanged for the past three years. Due to inflationary pressures, a modest rate increase of 4.8% will be necessary, effective January 1, 2024.