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CCA IMPLEMENTATION PLAN

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Prepared for: City of Rialto, California

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City of Rialto
Community Choice Aggregation
Implementation Plan

CHAPTER 1 – Introduction

Outline

- Purpose of the Implementation Plan
- Adoption and Updates to the Implementation Plan
- Cross Reference Guide to California Assembly Bill 117 Requirements and this Plan

Purpose of the Implementation Plan

This Implementation Plan ("Plan") has been prepared to describe the development and operation of a Community Choice Aggregation ("CCA") established by the City of Rialto ("City" or "Rialto") for the purpose of providing electricity choice to eligible electricity accounts in the City's jurisdiction currently served by Southern California Edison ("SCE"). This Plan provides required information regarding the proposed Rialto CCA program ("Program") sufficient to satisfy requirements of California Assembly Bill 117 and applicable provisions of California Public Utilities Code including Sections 331 and 365-366.

The Code requires that the Program be authorized by an ordinance enacted by the Rialto City Council. The ordinance will be accessible to the public through the City Clerk's office. On [date], the City adopted Ordinance No. [###] establishing a Community Choice Aggregation Program, a copy of which is included in Appendix A.

Adoption and Updates to the Implementation Plan

The Code requires the Plan, and subsequent changes to it, to be considered and adopted at a duly noticed public hearing. The original hearing of the Plan was held on [date], where it was adopted by the Rialto City Council.

Assembly Bill 117 Requirement	Implementation Plan Chapter*
Statement of intent	Chapter 2: Program Goals and Objectives
Process and consequences of aggregation	Chapter 2: Customer Choice and Aggregation
Organizational structure of the Program, its operations and its funding	Chapter 3: Organizational Structure Chapter 4: Start-Up Plan and Funding Chapter 6: Financial Plan
Provisions for disclosure and due process in setting rates and allocating costs among participants	Chapter 7: Rate Setting, Program Terms and Conditions
The methods for entering and terminating agreements with other entities	Chapter 9: Procurement Process Chapter 3: Organizational Structure Chapter 4: Start-Up Plan and Funding Chapter 8: Customer Rights and Responsibilities
The rights and responsibilities of program participants, including, but not limited to, consumer protection procedures, credit issues and shutoff procedures	Chapter 8: Customer Rights and Responsibilities
Termination of the program	Chapter 10: Contingency Plan for Program Termination
A description of the third parties that will be supplying electricity under the program, including, but not limited to, information about financial, technical, and operational capabilities	Chapter 3: Organizational Structure Chapter 4: Start-Up Plan and Funding

**Note: Where multiple chapters are referenced, the primary source of information is listed first.*

CHAPTER 2—Customer Choice and Aggregation

Outline

- How Customer Choice Works
- Key Components of Opt-Out Aggregation
- Program Goals and Objectives—Statement of Intent
- Basic Program Components
- Optional Customer Programs

How Customer Choice Works

Customer choice in electricity supply is made possible by enacted legislation and an unbundling of the various service and cost components on a customer's electric bill as follows:

Delivery charges are associated with the physical delivery of electricity, and include charges for use of the poles, wires and meters required for each account. Under customer choice, the local utility (e.g., Southern California Edison) continues to transmit, distribute, meter and bill for electricity delivered to each customer. Utility distribution charges are established by tariff and are not subject to negotiation by customers.

Generation charges are the costs of the electricity supply itself, and are listed as a separate section on the customer's bill. A CCA procures its own electricity supply and establishes its own rates for the generation portion of the bill.

Under customer choice via CCA, all participating customers continue to receive delivery service from the host utility while being able to procure generation service from various power marketers. Under a CCA model, the CCA establishes its own rates for the generation services.

Key Components of Opt-out Aggregation

CCAs are customer choice programs in which the local government contracts for power supply and related services. Eligible electric accounts in the community's jurisdiction are offered the choice to participate in, or opt-out of, the aggregation. Electric accounts that do not opt-out of the Program are automatically enrolled after a defined notification process (e.g., written notices).

As noted, the local utility continues to provide distribution, billing and maintenance services to all customers regardless of whether the account participates in the CCA program or not.

Electric aggregation is attractive to communities and their constituents for its efficiency in achieving the community's energy program objectives. In contrast to direct access competition, customers of a CCA do not need to contract with individual suppliers nor sign a contract to be enrolled, nor do they have to deal with sales personnel.

Program Goals and Objectives—Statement of Intent

The Rialto CCA seeks to provide budget stability, savings and local control over electricity rates by procuring power on behalf of participating commercial, governmental and domestic (i.e., residential) customers in the City of Rialto. Consistent with Code Section 366.2(c)(4), this Implementation Plan explains how the Rialto CCA will provide for (A) universal access, (B) reliability, (C) equitable treatment of all classes of customers, and (D) compliance with all requirements established by state law or by the California Public Utilities Commission (CPUC) concerning aggregated service, including those rules adopted by the CPUC pursuant to paragraph (3) of subdivision (b) of Section 8341 for the application of the greenhouse gases emission performance standard to CCAs. Only electric accounts served by SCE are eligible for the Program. The goals and objectives of the Rialto CCA are as follows:

The Rialto CCA seeks to offer its customers certain benefits not available from SCE bundled utility supply. Specifically, the Rialto CCA has established the following objectives:

- Achieve lower electric generation costs for participating electric accounts;
- Reduce the volatility of electric costs;
- Minimize operating costs by reducing the need for complex supply structures, thus reducing costs associated with ratemaking, legal, finance and general oversight resources;
- Create additional opportunities for participation in local renewable energy projects;
- Enable additional mechanisms to evaluate and implement energy efficiency programs;
- Offer additional energy services not provided by SCE, including options for additional renewable energy on an elective basis;
- Leverage established retail energy practices and capabilities available from Electric Supply Providers (ESPs) and vendors of outsourced services;
- Implement a competitive bidding process and establish contract terms for electric supply that do not expose the City of Rialto, its citizens or businesses to operational or wholesale energy price risks;
- Minimize need for additional City employees and capital investments;
- Establish benchmarks for program operations and provide transparency in operating results.

Basic Program Components

Rialto CCA customers will be offered basic generation rates which reflect wholesale market rates and resulting long term savings as compared to the otherwise applicable SCE rate schedule. Consistent with California statute, the Program will be operated on an opt-out basis. The opt-out notices will include the program's rates, terms and conditions for eligible customer accounts mailed to the account billing address. The opt-out process is described in Chapter 8 of this Plan.

Once enrolled in the Program, customers are subject to the Program's terms and conditions and are responsible for paying all applicable customer charges. The Program will comply with all California regulations and statutes including all provisions of California's Renewables Portfolio Standard requirement.

SCE will bill and collect from Rialto CCA customers per SCE-scheduled billing cycles. SCE will submit the payments representing the generation charges on a monthly basis to the Rialto CCA or its designee.

Optional Customer Programs

Customers will be offered options to participate in voluntary programs, which expand the value of the CCA by providing additional products and services. These additional voluntary programs may include increased volumes of renewable energy, feed-in tariffs for local generation projects and other energy-management services.

CHAPTER 3—Organizational Structure

Outline

- Organizational Overview
- Governance
- Management
- Administration and Finance
- Marketing and Public Information

Organizational Overview

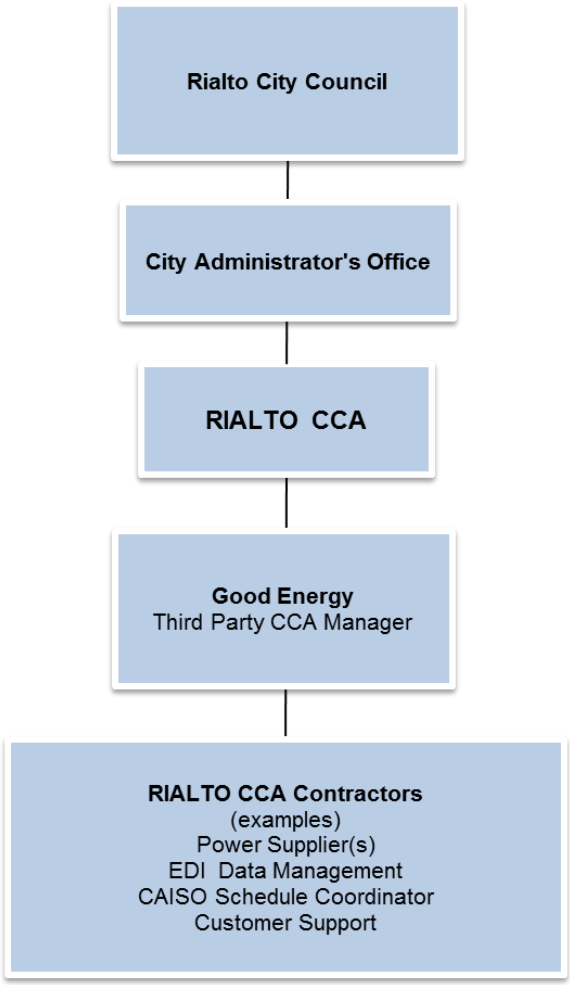
The City seeks to develop and launch the Program within the City's existing administrative organization rather than build a separate CCA infrastructure. The City will also achieve cost efficiency by leveraging the existing capabilities available from the competitive energy industry for various services. This approach allows the City to achieve its operating goals while maintaining operating flexibility and minimizing overhead expenses.

Governance

As established by City Ordinance No. [xxx], the Rialto CCA will be a departmental function of the City, as an enterprise service. Enterprise services within a city are primarily funded by charging a fee for participation and do not rely on the city's general fund for normal operations. Chapter XX contains estimates of the Program's participation levels and costs of operation.

The governance of the Rialto CCA Program will include the entities shown in Figure 3.1.

FIGURE 3.1
Rialto CCA Governance Structure



Note: Contractor functions may be combined if performed by the same firm.

Rialto City Council authorized the formation of the Rialto CCA Program via ordinance and will maintain overall responsibility for funding, rate setting, approving power supply agreements and Program oversight. The Council may appoint committees or commissions to provide support and advice in operation of the Rialto CCA Program.

Rialto City Administrator will provide support in areas of expertise such as purchasing, legal counsel, finance, IT support, human resources and economic development as Program needs arise. The City Administrator will hire and supervise the Program staff's activities.

Third-Party CCA Manager— The Program will use a Third-Party CCA Manager to coordinate the development and operation of the Program. This approach is designed to achieve Rialto's objective to minimize operating and administrative costs of the Program. Good Energy, as the Third-Party CCA Manager will act as the start-up project manager to ensure all start-up tasks are

performed as specified. In addition, the CCA Manager will perform or oversee the following on-going activities during the operation of the Program:

- Rialto CCA customer communications and opt-out processes;
- Program marketing and public information;
- Ongoing Program enrollment/dis-enrollment and customer service;
- Interface with key accounts (i.e. large commercial, multi-property owners);
- Wholesale energy market analysis;
- Competitive supply procurement and new generation project evaluation;
- Rate analysis, development and savings calculations;
- Emissions performance standard compliance filings;
- Compliance filings related to the California Energy Commission's Quarterly Fuels and Energy Report; the Integrated Energy Policy Report, and the United States Energy Information Agency's 826 and 861 reports;
- Renewable energy portfolio audits consistent with state and program standards
- Annual RPS and energy storage compliance filings;
- Western Renewable Energy Generation Information System (WREGIS) report preparation, certificate transfer review and retirement.

Program Contractors—The Program intends to utilize designated contractors for electric supply and certain technical functions, including CAISO schedule coordination, electric power supply, electronic data interchange (EDI), Program marketing and customer data management. Additional details regarding staffing appear in Chapter 4.

Management

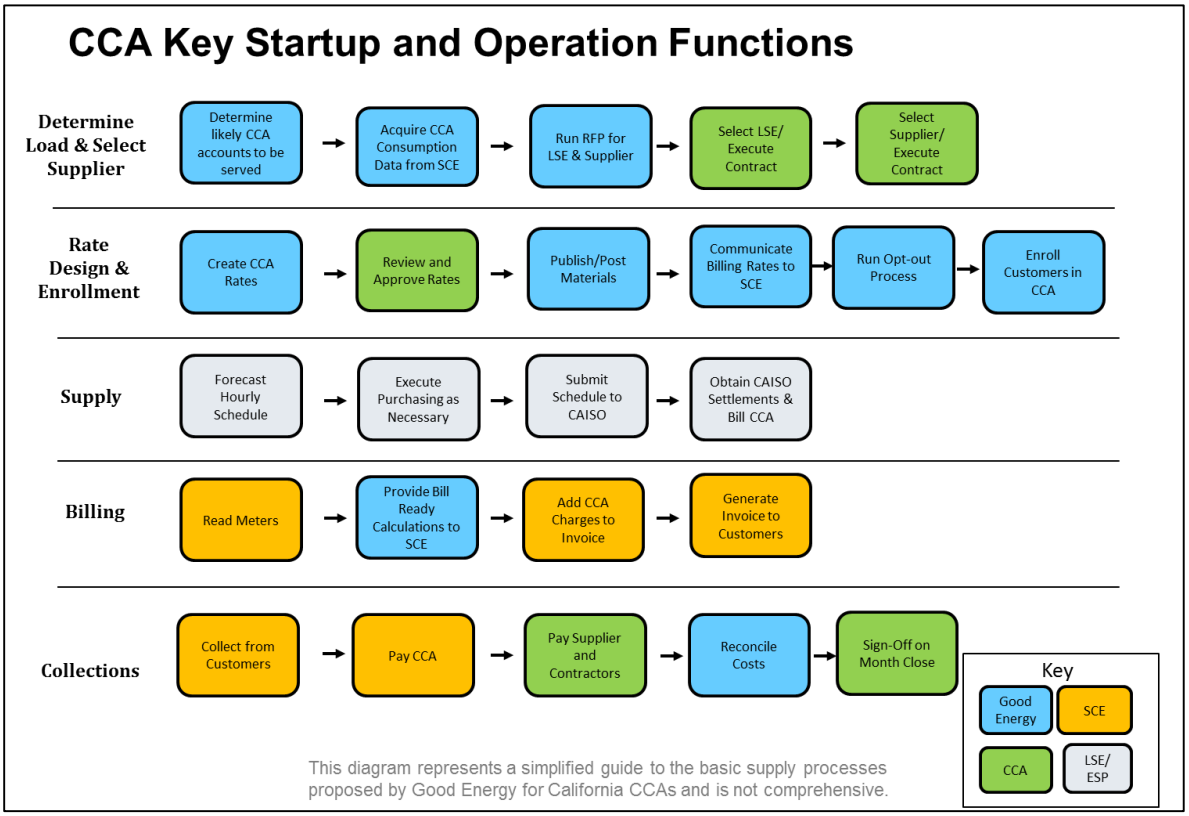
Day-to-day oversight of the Program will be performed by the Third-Party CCA Manager, which will be responsible for administering the policies established by the City Council and City Administrator's office as well as the Program's contractors.

Administration and Finance

As described above, the Third-Party CCA Manager will oversee management and administration of the Program.

Program accounts receivable and accounts payable will be managed directly by Rialto City staff. This may be accomplished by existing city finance or utility resources, or may require the hiring of staff for financial management. Good Energy will assist assigned staff in reviewing and reconciling monthly Program revenues, financial close-outs, and payments due to appropriate supplier(s) and contractors. The handling and ultimate responsibility for Program funds will remain under the City's direct control and supervision. Figure 3.2 below outlines the key roles and responsibilities for developing and operating the Program.

FIGURE 3.2
Key Functions Flow Chart



Additional Staffing Considerations

In addition to roles outlined in Figure 3.1, City staff support is required for certain legal and administrative functions. These tasks will primarily consist of legal reviews of contracts, regulatory filings and City Council agenda items. Administrative support is also required to provide internal coordination with City staff and elected officials, maintaining and preserving public documents and scheduling public hearings.

The costs of the Program staff, and direct, documented costs incurred will be recovered via customer rates, which are approved by City Council. The City Administrator would select and oversee the activities of the staff. All other key functions will be performed by Good Energy, technical contractors or the supplier.

Marketing and Public Information

Marketing and public information is recognized as an essential component of developing and operating the Program. Consequently, Rialto CCA plans to utilize the best practices currently available to community choice programs operating throughout the U.S. The Rialto CCA will manage the development and maintenance of the marketing and public information resources necessary during each phase of the Program.

Rialto CCA Program marketing and public information efforts will also leverage existing resources available to Rialto, such as web resources, newsletters, public meetings and email distribution lists.

CHAPTER 4—Start-Up Plan and Funding

Outline

- Overview
- Start-Up Activities and Schedule
- Staffing and Contract Services
    - Regulatory Counsel
    - Program contractors
    - EDI Provider
    - Southern California Edison
    - Commodity Supplier(s)
- Capital Requirements
- Financing Plan

Overview

This chapter describes Rialto CCA's plan to initiate service. Included in this chapter is a description of the following:

- Processes and activities that will be performed by Rialto CCA and its advisors prior to initiating CCA service;
- The proposed staffing of both Rialto CCA internally- and externally-performed tasks during Rialto CCA operations; and
- Various Rialto CCA capital requirements and the planned funding of these capital requirements.

Start-Up Activities and Schedule

The start-up plan includes activities completed prior to the submission of this Implementation Plan to the CPUC and concludes upon the commencement of electricity supply to the Rialto CCA customers. The schedule, status and completion of all start-up activities will be monitored by the Rialto Administrator through the project dashboard such as one shown in Table 4.1. The included schedule is tentative and will be adjusted as necessary.

TABLE 4.1
Tentative Start-Up Activity Project Plan

	2018										
Activity	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**
Finalize Implementation Plan											
Pass County Ordinance Authorizing CCA											
Submit Implementation Plan to CPUC											
CPUC Review											
SCE Document Preparation											
SCE EDI Applications and Testing											
Baseline Supply and Contractor Agreements											
Update and refine load forecast											
Prepare IRP Documents											
Prepare Rate Structure											
Public Information and Marketing Program											
Procurement of Electric Supplier(s)/Contractors											
Publish Rates and Program Terms and Conditions											
Issue Opt-out Notices											
Begin Enrolling Customer Accounts											
First Energy Delivery											

Tentative Schedule

Staffing and Contract Services

The Rialto CCA proposes a structure that follows a philosophy of matching resources with specific work streams on an as-needed basis. This arrangement frees Rialto CCA from significant permanent labor costs and allows the Program to call on dedicated resources as required during specific periods of Rialto CCA start-up. For example, most of the start-up work activities listed in Table 4.1 require only a short-term work effort that is best performed by experts with significant prior experience performing the designated function.

Following start-up of the Rialto CCA, several of the work activities required to administer the CCA will then only be needed periodically and thus will be performed by Program contractors. Rialto CCA finds that this delivery model is prudent, cost effective and provides the Program with the on-going discretion to adjust the mix of internal and third-party services as the Program evolves. The Rialto CCA delivery model relies on the services of six key entities:

1. Rialto City Council and City Administrator to provide internal leadership and oversight;
2. Outside regulatory/legal counsel to ensure legal compliance;
3. Third-Party CCA Manager for start-up administration and on-going management of CCA functions;
4. Technical Contractors to provide CAISO schedule coordination, electronic data interchange (EDI) and other specialized industry functions;
5. Energy Supplier(s) for commodity energy supply, and related wholesale market functions;
6. SCE for billing and supply delivery.

Regulatory Counsel

The City of Rialto has full-time legal counsel as part of its existing governmental structure. Recognizing the specialized nature of CCA legal and regulatory issues, the Program intends to retain outside regulatory counsel to support the City's existing legal department and oversee the Rialto CCA's compliance with CPUC and other regulatory obligations.

Program Contractors

Program contractors will assist with start-up tasks and will perform or oversee the following on-going activities:

- Rialto CCA customer communications and opt-out processes;
- Program marketing and public information;
- Ongoing Program enrollment/disconnection and customer service;
- Interface with key accounts (i.e., large commercial, multi-property owners);
- Wholesale energy market analysis;
- Competitive supply procurement and new generation project evaluation;
- Rate analysis, development and savings calculations;
- Emissions performance standard compliance filings;
- Compliance filings related to the California Energy Commission's Quarterly Fuels and Energy Report; the Integrated Energy Policy Report, and the United States Energy Information Agency's 826 and 861 reports;
- Renewable energy portfolio audits consistent with state and program standards;
- Annual RPS and energy storage compliance filings; and
- Western Renewable Energy Generation Information System (WREGIS) report preparation, certificate transfer review and retirement.

Electronic Data Interchange (EDI) Provider

The EDI provider will transfer and translate usage and billing data between SCE and Rialto CCA. The City Administrator, on behalf of Rialto CCA, will establish an agreement with a qualified EDI provider and will complete the necessary SCE applications and testing. The EDI provider may also perform additional EDI transaction, data management and bill audit functions as requested by Rialto CCA.

Southern California Edison (SCE)

In addition to on-going delivery of commodity electricity supply to Rialto CCA, SCE will provide billing, usage data and related services to Rialto CCA. The City Administrator, on behalf of Rialto CCA, will execute a SCE CCA Service Agreement (SCE document #14-768) and, if applicable, post an appropriate deposit with SCE to complete registration of this Plan with the CPUC. [1]

Commodity Supplier(s)

Rialto CCA will solicit and, subject to City Council approval, contract with commodity energy supplier(s) that have suitable financial, technical, and operational capabilities. With the assistance of Program contractors, Rialto CCA will develop supplier and contractor performance criteria, pre-qualify, solicit proposals and facilitate contract negotiations with commodity suppliers. Following registration of this Plan, Rialto CCA will negotiate and submit to the City Council for approval definitive agreement(s) with commodity energy supplier(s).

[1] Although SCE reserves the right to collect a deposit, deposits are typically only required if a CCA demonstrates a poor payment history or has other significant financial distress (bankruptcy, etc.).

Capital Requirements

During start-up and prior to delivery of commodity supply to participating customers, Rialto CCA will incur various costs that will be capitalized and recovered over an initial three-year period through a rate adder. These start-up costs include a variety of costs such as fees for CCA planning and feasibility analyses, and costs associated with deposits held by SCE and the CPUC bonding obligation.

Rialto CCA will also maintain a working capital facility given the potential for timing differences between various incurred costs and recovery of those costs on a monthly basis from customers within rates. These amortized costs include customer enrollment fees assessed by SCE that are due upon customer enrollment and other potential costs (e.g., SCE exit fees and supply costs). Rialto CCA estimates the need for $379,000 in on-going working capital requirements and an associated working capital facility cost of $18,902 per year. A description of the Rialto CCA estimated operating costs and revenues is provided in Chapter 6. The actual working capital requirement will depend on a variety of factors including electric supply structure, price level, contract duration and billing arrangements.

Financing Plan

To date, start-up costs have been paid through a designated Rialto general fund budget. Once Rialto CCA begins to supply electricity to participating customers, start-up costs will be included in Program rates as an additional cost. Rialto CCA estimates that this start-up cost recovery will average approximately $217,000 per year and will be recovered over the first three years of Program operation.

CHAPTER 5—Load Forecast and Resource Plan

Outline

- Overview
- Supply Requirements and Coordination
- Estimated Customer Participation Rates
- Customer Load Forecast
- Sales Forecast
- Resource Adequacy Requirements
- Integrated Resource Planning Requirements
- Renewable Portfolio Standards Energy Requirements
- Energy Storage

Overview

The Rialto CCA Program seeks to provide budget stability, savings and local control over electricity rates. Accordingly, Rialto CCA has established a preferred energy supply approach that streamlines the procurement of commodity electric supply by contracting for fixed price load-following service. Under this arrangement, the commodity supplier is responsible for managing hour-by-hour variations in the Program's customer electric demand and incorporating the financial exposure associated with changing energy prices. This supply approach also minimizes administrative and transaction costs (e.g., third-party contracting, rate making and credit monitoring) associated with managing power supply.

The Rialto CCA anticipates there will eventually be opportunities to offer participating customers the benefit of expanded supply arrangements and additional energy supply choices. For example, the purchase of energy from local renewable energy facilities, investment in distributed generation resources, and long-term supply from designated generation facilities. The Program staff will evaluate the benefits of such arrangements in a transparent manner and may provide such options when these options can be added while maintaining Program objectives. The Rialto CCA will also evaluate the potential for incorporating energy efficiency and load response programs that may offer additional value.

Supply Requirements and Coordination

Preference will be given to suppliers which demonstrate competency in multiple services such as electric supply, resource adequacy, schedule coordination and other essential functions. In the event the Rialto CCA establishes a supply portfolio consisting of several suppliers, the Program will establish a designated entity (supplier or contractor) to be responsible for forecasting and scheduling the electric supply requirements with the CAISO and matching of participating customer load in each hour.

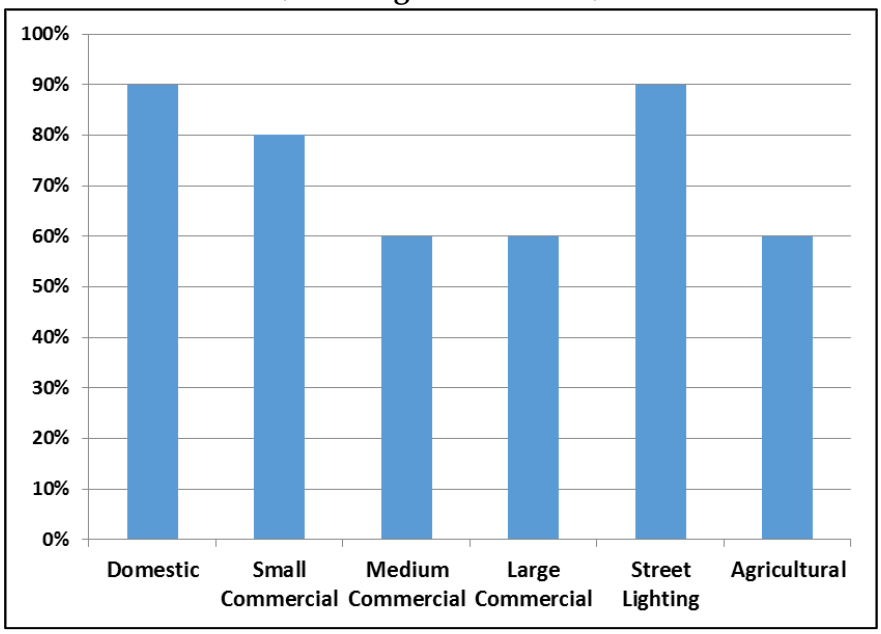
Estimated Customer Participation Rates

Electric accounts that are eligible for Rialto CCA service will be given the option to opt out of the Program during an approximately 120-day opt-out period and will be provided multiple forms

of public information regarding the Program's costs and terms of service. This education will be provided via mailers, web resources and an in-bound call-center. Multilingual resources will be incorporated as appropriate.

Historical CCA and aggregation participation rates for residential customers typically exceed 95%.[2] The Rialto CCA has projected initial CCA participation rates by considering observed participation rates in other California CCAs and similar aggregations operating in other states.[3] Table 5.1 shows the forecasted Rialto CCA customer participation level at the start of the program by percentage of eligible accounts.

TABLE 5.1
Projected Participation Levels[4]
(% of Eligible Accounts)



Rialto CCA expects variation in participation rates across rate classes based on savings potential and customer decision-making. For example, higher enrollment levels are anticipated for accounts with higher percentage cost savings potential and for groups of accounts managed by a single decision maker. Figure 5.2 illustrates the estimated consumption levels for each rate class for the first year of operation expressed in percentage of eligible accounts not electing to opt-out.

Customer Load Forecast

[2] Based upon Good Energy experience and data provided from various California CCAs.

[3] The assumptions used in forecasting are conservative as compared to both aggregation programs in California and other states where experience has shown single-digit opt-out rates. See reported opt-out rates by the Marin Clean Energy, Sonoma Clean Power and Lancaster Choice Energy CCA.

[4] See Appendix A for description of SCE rate classifications.

The Rialto CCA Program forecast of customers to be served initially under the Program is based on a build-up of existing bundled customers located within the jurisdictional boundaries of the City multiplied by the rate-class specific participation rate. Rialto CCA then expects participation rates to grow and for new accounts in the Rialto CCA territory to be added due to general economic and population growth. Rialto CCA estimates account growth of slightly less than one percent (0.97%) based the California Energy Commission (CEC), 2015 Mid Case Statewide Demand Baseline Forecast. We assume that all load growth is the result of new accounts and that load of existing accounts is stable over time.

The Rialto CCA Program proposes to offer service to all eligible accounts in a single phase after the opt-out process is complete. In the event the Rialto CCA elects to enroll accounts over multiple phases, SCE's Open Season as provided in SCE Rule 23.1 will be engaged to assign a single Power Charge Indifference Adjustment (PCIA) vintage for Program customers.

Each account that does not opt-out will be enrolled on the earliest available scheduled billing cycle for that account. Following the opt-out process, Rialto CCA Program staff will communicate to SCE which customers have not opted-out of the Program. These accounts will then be enrolled in the Rialto CCA on their next regularly scheduled billing cycle. Rialto CCA currently projects that approximately 25,400 accounts will be enrolled in the first 12 months of the Program. Rialto CCA has forecasted negligible Program attrition consistent with the experience of existing California CCAs.

Sales Forecast

The Rialto CCA forecast of annual load initially to be served is based on a build-up of 2015 existing bundled account load by rate class multiplied by the assumed participation rates listed in Table 5.2. Load growth is solely attributed to new accounts within the Rialto CCA territory with the growth rate of accounts estimated to be slightly less than one percent, as previously described.

TABLE 5.2
Forecast Program Energy Sales (MWH)

Total Forecasted CCA Energy Sales and Percent of Total City Load Enrolled

Rate Class	Type of Account	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
DOM-MM,DOM-S/M	Residential	79,704	81,555	83,437	85,350	87,294	89,270	91,277	94,185	96,278	98,404
DOM-S/M-CARE	Residential	88,957	89,900	90,852	91,815	92,789	93,772	94,766	96,662	97,686	98,722
STREET LIGHTING	Lighting	3,452	3,488	3,525	3,562	3,600	3,638	3,677	3,750	3,790	3,830
TC-1	Traffic control	266	273	280	288	296	303	311	322	331	339
TOU-8-PRI	Large Commercial	20,464	21,026	21,597	22,178	22,769	23,370	23,981	24,831	25,469	26,117
TOU-8-SEC	Large Commercial	26,938	27,677	28,429	29,194	29,972	30,763	31,567	32,686	33,526	34,379
TOU-8-SUB	Large Commercial	-	-	-	-	-	-	-	-	-	-
TOU-GS-1	Small Commercial	20,283	20,754	21,233	21,720	22,215	22,717	23,228	23,968	24,501	25,042
TOU-GS-2	Small Commercial	41,697	42,842	44,005	45,189	46,393	47,617	48,863	50,595	51,894	53,216
TOU-GS-3	Medium Commercia	31,722	32,593	33,478	34,379	35,295	36,226	37,174	38,492	39,480	40,485
TOU-PA-2	Agriculture	2,611	2,682	2,755	2,829	2,905	2,981	3,059	3,168	3,249	3,332
TOU-PA-3	Agriculture	8,977	9,223	9,474	9,729	9,988	10,252	10,520	10,893	11,172	11,457
TOU-PA-ICE	Agriculture	-	-	-	-	-	-	-	-	-	-
Grand Total		325,070	332,014	339,068	346,234	353,514	360,910	368,423	379,552	387,376	395,324
% of Total Enrolled		72%	73%	74%	75%	76%	76%	77%	78%	79%	79%

A more comprehensive study of load growth and associated resource requirements will be performed during the start-up phase and then periodically during Program operations. On-going load and resource studies will be conducted during Program operation and will consider factors such as actual historical load, local economic conditions, weather, energy efficiency standards and the impact of energy prices on energy demand. The Rialto CCA Program may also undertake its own programs to reduce energy consumption on a per account basis. The impact of such programs will also be included in future load studies.

Resource Adequacy Requirements

The Rialto CCA recognizes the importance of its role as a load-serving entity (LSE) in maintaining system reliability through compliance with California's Resource Adequacy (RA) requirements. The discussion below outlines the applicable RA requirements, followed by an outline of Rialto CCA's approach to compliance.

The CPUC requires all LSEs to maintain contracts for generating capacity adequate to meet their peak load requirements with a 15% reserve capacity margin.[5] The CPUC has been engaged in a process of refining the RA program for several years through multiple proceedings.[6] The CPUC's RA Program contains three distinct requirements: System RA requirements, Local RA requirements, and Flexible RA requirements. System requirements are determined based on the electrical load anticipated within each LSE's service territory plus the 15% planning reserve margin.[7] Local and Flexible requirements are determined based on an annual CAISO study related to weather and specified contingencies, as well as monthly requirements related to

[5] Cal. Pub. Utils. Comm'n, The 2015 Resource Adequacy Report (2015); Cal. Pub. Util. Code § 380(c)-(d) (minimum planning reserve and reliability criteria are established and approved by the Western Systems Coordinating Council or the Western Electricity Coordinating Council).

[6] R.14-10-010 is the most recent proceeding and is currently open.

[7] R. 14-10-010, Decision 16-06-045 (June 23, 2016) at 6; *see also* Cal. Pub. Utils. Comm'n, Resource Adequacy, http://www.cpuc.ca.gov/ra/.

ramping (*i.e.*, the changing of the output of generating units, necessary to run the system reliably).[8] CCAs are responsible for the costs to meet the CCA's RA needs procured.[9]

Regardless of whether a CCA procures its own resources to meet regulatory requirements or relies upon the IOU for some of such requirements, a CCA must submit monthly and annual RA plans to demonstrate how it will meet future System and Local RA requirements.[10] The CCA must submit forecasts its expected load not less than two months prior to the month in which retail load is served. Further, it must specify what generation resources will be used to meet the RA obligations not less than one month before serving the Program's load.[11] The CPUC, along with the CEC, evaluates monthly and annual filings to ensure accuracy and completeness.

Rialto CCA estimates forward RA requirements for 2018 through 2020 as listed in Table 5.3. These quantities will be revised following the opt-out period and on a periodic basis depending on the actual accounts served by the Rialto CCA.

TABLE 5.3
Rialto CCA Resource Adequacy Requirements

First 3 Years of Full CCA Operation (MW demand with losses and required reserves)			
Month	**2019**	**2020**	**2021**
Jan	89	90	91
Feb	89	90	91
Mar	85	85	86
Apr	91	91	92
May	92	93	94
Jun	140	141	142
Jul	139	140	142
Aug	139	141	142
Sep	130	131	133
Oct	108	109	110
Nov	94	95	96
Dec	87	88	89

1.Avg Line Losses = 5.5%
2. Reserve Margin = 15%
3. Excludes any reductions from energy efficiency or demand response.

[8] R. 14-10-010, Decision 16-06-045 (June 23, 2016) at 2; *see also* Cal. Pub. Utils. Comm'n, Resource Adequacy, http://www.cpuc.ca.gov/ra/. In particular, the Flexible RA program continues to evolve through ongoing comment in the current CPUC RA proceeding, R.14-10-010.

[9] *See, e.g.,* Cal. Pub. Util. Code § 380(c) ("Each load-serving entity shall maintain physical generating capacity and electrical demand response adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves. The generating capacity or electrical demand response shall be deliverable to locations and at times as may be necessary to maintain electric service system reliability and local area reliability"); Cal. Pub. Util. Code § 380(k) (CCAs are LSEs for the purpose of RA requirements).

[10] Cal. Pub. Util. Code § 380(f); Cal. Independent System Operator, Business Practice Manual for Reliability Requirements, Version 31, § 4.2.1 (Feb. 8, 2017).

[11] *Id.*; Cal. Pub. Util Comm'n, 2017 Filing Guide for System, Local and Flexible Resource Adequacy (RA) Compliance Filings, p. 19 (Sep. 20, 2016) (citing D.05-10-042).

The Rialto CCA also has a local resource adequacy requirement which is designated by the CPUC in the year prior to the compliance period. With assistance from the Third-Party CCA Manager, the Rialto CCA will work with the CPUC and SCE to determine the anticipated local resource adequacy obligation of the Program. Initially, Rialto CCA anticipates procuring all resource adequacy requirements through its lead energy supplier. The reporting required for RA purchases will be developed and submitted by Rialto CCA or the lead energy supplier, as appropriate.

Integrated Resource Planning Requirements

The Rialto CCA recognizes the value of long-term resource planning and its obligations as an LSE to comply with applicable integrated resource planning (IRP) requirements. The discussion below outlines the currently applicable IRP requirements. The Rialto CCA will comply with the requirements outlined below, including periodic updates.

IRP is the process by which LSEs plan for power supply needs over five or more years. SB 350 requires the CPUC to establish procedures and requirements for LSEs besides IOUs to submit IRPs that minimize costs, maintain reliability, and reduce greenhouse gas (GHG) emissions to levels set by CARB, among other objectives.[12] More specifically, SB 350 requires the CPUC to adopt a process in 2017 for each LSE to file an IRP plan and provide periodic updates that meet the RPS, as well as the GHG emissions targets set by the California Air Resources Board (CARB).

The IRP plans must minimize ratepayer bills; ensure system and local reliability; strengthen supply diversity, sustainability, and resilience; and enhance distribution systems and demand-side management.[13] CCAs' resource plans are explicitly required to achieve (1) "economic, reliability, environmental, security," and other characteristics, (2) a "diversified procurement portfolio" with short-term and long-term contracts and demand reduction, and (3) RA compliance.[14] SB 350 requires CCAs to submit their IRP plans to their governing boards for approval and then to the CPUC for "certification."[15]

Renewable Portfolio Standards Energy Requirements

A series of laws have been enacted by the California legislature which now requires all load-serving entities to procure minimum amounts of renewable energy. These requirements are presented below, followed by Rialto CCA's approach to compliance.

CCAs are subject to California's Renewable Portfolio Standard (RPS).[16] The RPS requires eligible renewable energy sources to meet 50% of total retail sales by the end of 2030. The RPS establishes interim compliance period requirements for meeting the 2030 target: at minimum, 33% of retail

[12] Cal. Pub. Util. Code § 454.52(a)(1) (including community choice aggregators in the relevant definition of LSE via reference to Cal. Pub. Utils. Code § 380).
[13] Cal. Pub. Utils Code § 454.52(a)(1).
[14] Cal. Pub. Utils Code § 454.52(b)(2).
[15] Cal. Pub. Utils. Code § 454.52(b)(3).
[16] Cal. Pub. Util. Code § 366.12(j).

sales must be met with eligible renewable energy sources by the end of 2020, 40% by the end of 2024, 45% by the end of 2027 and 50% by the end of 2030.[17] A CCA must continue to meet the minimum 50% threshold for each three-year compliance period after 2030.[18]

The RPS also requires CCAs to procure eligible resource electricity products according to three portfolio content categories (PCCs). PCC 1 resources have a first point of interconnection with a California balancing authority or an agreement to dynamically transfer electricity to a California balancing authority (*i.e.*, they are frequently located in-state).[19] PCC 2 resources are firmed and shaped eligible resource electricity products scheduled into a California balancing authority—for example, they may include wind generation from Wyoming or Colorado.[20] PCC 3 resources include unbundled renewable energy credits (RECs) and any other qualifying electricity products that do not meet the criteria for PCC 1 or PCC 2.[21] The current compliance period (2017-2020) requires at least 75% of a CCA's RPS procurements be from PCC 1 resources and no more than 10% may come from PCC 3 resources.[22]

CCAs are required to submit annual reports demonstrating compliance with these provisions. However, these requirements are for the overall compliance period, not for each year within a given compliance period.[23]

Following the enactment of SB 350 in 2015, the CPUC implemented a new requirement that CCAs must also submit an annual renewable energy procurement plan that demonstrates how the CCA will meet its RPS obligations.[24] The procurement plan requirements are designed to identify each CCA's long-term load forecasts, contracting process, and the likelihood that the Program will be able to meet the RPS over time.

Rialto CCA will adopt a resource plan that complies with the referenced requirements. For budgetary purposes, Program renewable energy costs are estimated based on supply of all required renewables in the form of PCC 1 renewables. To the extent lower cost renewables can be used to meet customer needs, the Program will consider such opportunities and provide customers the resulting lower costs in rates. After 2020, Rialto CCA forecasts that the unit cost of

[17] Cal. Pub. Util. Code § 399.15(b)(2)(B).
[18] Cal. Pub. Util. Code § 399.15(b)(2)(B).
[19] Cal. Pub. Util. Code § 399.16(b)(1). "First point of interconnection" means the place where the generating facility is first connected to the electric grid. The CAISO is an example of a "California balancing authority," *i.e.*, an entity in California responsible for ensuring load and generation are matched throughout the day. "Dynamically transfer" means that energy and capacity from one balancing authority can be delivered to another balancing authority in real time.
[20] Cal. Pub. Util. Code § 399.16(b)(2). "Firmed and shaped" means filling gaps in output from intermittent generators, such as wind and solar facilities, with output from firm generators, such as natural gas power plants in order to meet system demand.
[21] Cal. Pub. Util. Code § 399.16(b)(3). An "unbundled REC" means the renewable or green attribute, as separated from the energy and capacity attributes, of output from renewable energy resources.
[22] Cal. Pub. Util. Code § 399.16(c).
[23] *See, e.g.,* R.11-05-005, Decision 12-06-038 (June 21, 2012) at 76.
[24] Cal. Pub. Util. Code § 399.13(a)(1) (distinguishing "electrical corporations" and "all other retail sellers").

renewables will increase by 2.3% annually. The resulting unit renewables cost at the end of the ten-year planning horizon is 40% higher than at the start of the planning period in 2018 due to both inflation and additional renewable percentage requirements.[25]

Energy Storage

In 2013, the CPUC adopted a framework under which all entities supplying power to customers must procure cost-effective energy storage.[26] Under the framework, CCAs are required to procure energy storage equal to one percent of their annual peak loads by 2020, and the energy storage must be installed by 2024.[27] However, while California's IOUs are required to acquire a mix of distribution-, transmission-, and customer-sited storage, CCAs do not have such a requirement currently.[28]

To meet the storage obligation, CCAs may independently procure storage resources or receive a share of IOUs' energy storage procurement through the Cost Allocation Mechanism (CAM).[29] CCAs may also count towards their compliance obligations one-half of any customer-sited storage installed in their service territories under the Self-Generation Incentive Program (SGIP), with the other half of such procurement being credited to the IOU.[30] A recent proposed decision by the CPUC evaluates these current storage procurement targets for CCAs but does not make significant changes to the requirements at this time.[31]

Rialto CCA will make provisions in its energy supply portfolio to comply with the energy storage requirements.

[25] See D.11-12-020 dated December 1, 2011. Note: no pro-rata increase in RPS volumes from 33 percent toward 50 percent has been included in the Program CCA savings estimates. These additional costs would impact both CCA customers and SCE bundled accounts and thus not impact savings estimates. To the extent that the CCA can contract for additional renewable energy at delivered costs below that of the utility, additional savings are possible.

[26] Cal. Pub. Util. Code § 2835 et seq.

[27] R.10-12-007, Decision 13-10-040 (Oct. 17, 2013) at 74-75

[28] R.10-12-007, Decision 13-10-040 (Oct. 17, 2013) at 47.

[29] R.10-12-007, Assigned Commissioner's Ruling Proposing Storage Procurement Targets and Mechanisms and Noticing All-Party Meeting (June 10, 2013) at 15.

[30] R.10-12-007, Assigned Commissioner's Ruling Proposing Storage Procurement Targets and Mechanisms and Noticing All-Party Meeting (June 10, 2013) at 15.

[31] R.15-03-011, Proposed Decision on Track 2 Energy Storage Issues, pp. 22-25 (Feb. 24, 2017).

CHAPTER 6—Financial Plan

Outline

- Overview
- Description of Pro Forma and Cash Flow Analysis
- Third-Party Support
- Cash Flow and Working Capital Requirements
- Program Savings Estimate

Overview

This chapter of the Implementation Plan examines certain costs that will be incurred by the Rialto CCA in administering the Program. The forecasted costs establish the basis for the portion of the Rialto CCA revenue requirement representing wholesale energy and SCE charges that must be recovered from customers through Rialto CCA rates. Forecasted wholesale energy costs and SCE rates are then used to estimate customer costs and savings potential.

There are four general categories of costs associated with serving Rialto CCA customers as follows:

1. Electricity supply and related services (including CRS charges, commonly referenced as exit fees)
2. Internal operations
3. Third-party advisory and data management services
4. Financing

The process for estimating each of these cost categories is described further below.

Description of Pro Forma and Cash Flow Analysis

The Rialto CCA financial forecast represents an estimate of revenues, costs and associated gross unit savings during a 10-year time horizon, commencing in 2018. To prepare a forecast of this nature, it is necessary to establish certain baseline assumptions, such as the level of participation, forecasted costs of wholesale power, and inflation rates. All load forecasts are based upon 2015 summary Rialto CCA territory usage data provided by SCE.

The single largest cost of operating the Rialto CCA is the cost of power supply. Power costs have been estimated using recent forward energy quotes and associated costs to serve end-use accounts. The following non-electricity cost assumptions and parameters have been used in the Rialto CCA pro forma:

- Third-party data management costs are estimated to be $1.00 per invoice escalated at the rate of inflation;[32]

[32] Based upon Good Energy's experience and market surveys of vendors.

- SCE enrollment fees are $3.48 per account and on-going data fees are $0.78 per account;[33]
- Uncollectibles expense is estimated to be 2 percent of revenues for residential accounts and 0.5 percent of revenues for commercial accounts.

As described in Chapters 3 and 4, the Rialto CCA intends to utilize various contractors to develop, launch and operate the program. To that end, Rialto CCA has developed a good faith estimate of operating costs, as summarized in Table 6.1. The Third-Party CCA Manager, in consultation with the City Administrator, may adjust the financial forecasts, including cost contingencies, as the Program develops.

TABLE 6.1
Forecasted Operating Costs[34]

Year of CCA Operation	1	2	3	4	5	6	7	8	9	10
Cost	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Power Supply	$ 19,279,776	$ 20,188,212	$ 21,137,272	$ 22,017,505	$ 22,932,045	$ 23,882,176	$ 24,869,227	$ 26,135,431	$ 27,210,413	$ 28,326,983
Exit Fees	2,599,808	2,635,521	2,671,383	2,707,400	2,743,581	1,313,343	1,314,080	1,326,631	1,326,540	1,326,029
Billing & Data Management	304,952	316,310	328,079	340,272	352,906	365,995	379,555	393,604	408,158	423,235
SCE Fees	108,357	21,654	22,016	22,383	22,755	23,133	23,516	23,905	24,299	24,699
CCA Management Services	300,000	306,000	312,120	318,362	324,730	331,224	337,849	344,606	351,498	358,528
Regulatory Counsel	100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509
Internal Staffing	90,000	91,800	93,636	95,509	97,419	99,367	101,355	103,382	105,449	107,558
G&A Expenses	12,500	13,005	13,265	13,530	13,801	14,077	14,359	14,646	14,939	15,237
Start-Up Cost Amortization	216,667	216,667	216,667	-	-	-	-	-	-	-
Working Capital Cost	18,902	18,902	18,902	18,902	18,902	18,902	18,902	18,902	18,902	18,902
Total Uncollectibles	147,971	154,691	161,703	168,181	174,906	181,886	189,131	198,480	206,358	214,533
Total Operating Costs	23,178,934	24,064,762	25,079,082	25,808,166	26,789,288	26,340,511	27,360,589	28,674,454	29,783,721	30,935,214
Other Cost (Revenues)	-	-	-	-	-	-	-	-	-	-
Total CCA Revenue Req.	$ 23,178,934	$ 24,064,762	$ 25,079,082	$ 25,808,166	$ 26,789,288	$ 26,340,511	$ 27,360,589	$ 28,674,454	$ 29,783,721	$ 30,935,214

Third-Party Support

Various third-party vendors will provide overall support functions allowing Rialto CCA to minimize the expense of internal staff. The cost of various technical services required to operate the Program have been built up based on input from vendors and direct experience procuring these services.

Cash Flow and Working Capital Requirements

The Rialto CCA has working capital requirements due to the timing difference between when certain costs are incurred by Rialto CCA and the receipt of Rialto CCA customer payments for delivered electricity. These working capital requirements were estimated by the Rialto CCA, based on forecasts of certain costs (e.g., CPUC bonding costs, general and accounting costs), and an appropriate estimated carrying cost. Certain start-up costs may be financed through various financing instruments available to Rialto CCA.

[33] SCE ongoing data costs are based upon SCE Schedule CCA-SF PUC Sheet 57996-E.

[34] SCE Fees represent approximately 15% of estimated initial CCA SCE fees and a carrying cost of 5%. Uncollectables are the estimated amounts of unpaid bills by participants calculated as 2% of CCA costs for domestic accounts and 0.5% for commercial accounts.

Program Savings Estimate

The City of Rialto issued a Request for Proposals (#16-069) in March 2016 and subsequently retained Good Energy to perform a preliminary economic feasibility study (Phase 1 Study) of indicative market prices compared to the corresponding SCE rate schedules for domestic and commercial accounts in Rialto's jurisdiction.

The results of the Phase 1 Study were presented to Rialto City staff, the Rialto Economic Development Committee and the Rialto Utilities Board during 2016 and early 2017. After review and deliberation of the Phase 1 Study results, the Rialto City Council approved moving forward with Phase 2 of the CCA development program, which includes the development of this Implementation Plan.

The cost savings that Rialto CCA can offer customers is determined by the difference between applicable SCE rate elements and Rialto CCA costs. Under the Program's rates, customers no longer pay the SCE Utility Generation (UG) charge which is the cost of energy that SCE has incurred to serve its bundled customers. Due to a variety of factors, UG rates are currently above forward wholesale market rates.

While Rialto CCA customers will no longer pay UG charges, the Program's participants are subject to certain SCE exit fees and direct Program costs. The SCE exit fees are the result of the cost difference between what SCE has paid for power to serve its bundled customers and the estimated market value of that power. This unitized cost is provided in the SCE Rate CRS under the PCIA. Because SCE CRS rates represent the difference between purchase power and current market rates, these rates tend to be inversely related to market energy rates. SCE publishes new PCIA values each year, "vintaged" for the year upon which a designated account has departed SCE bundled service.

To forecast PCIA values, Rialto CCA used the 2017 SCE PCIA rates and forecasted a de-escalation rate of 2.3% per year. Note that PCIA rates historically have been subject to significant year-to-year variability and the structure of this rate may be altered by regulatory action in the future. The Competitive Transition Charge (CTC) is also a component of the SCE CRS rates and reflects the cost (benefit) of retained SCE generation. Rialto CCA used 2017 SCE CTC rates in forecasting this cost and held CTC costs flat in real terms during the 10-year planning horizon.

It is important to note that as of the date of this Implementation Plan, the PCIA methodology is subject of a rulemaking procedure before the CPUC.[35]

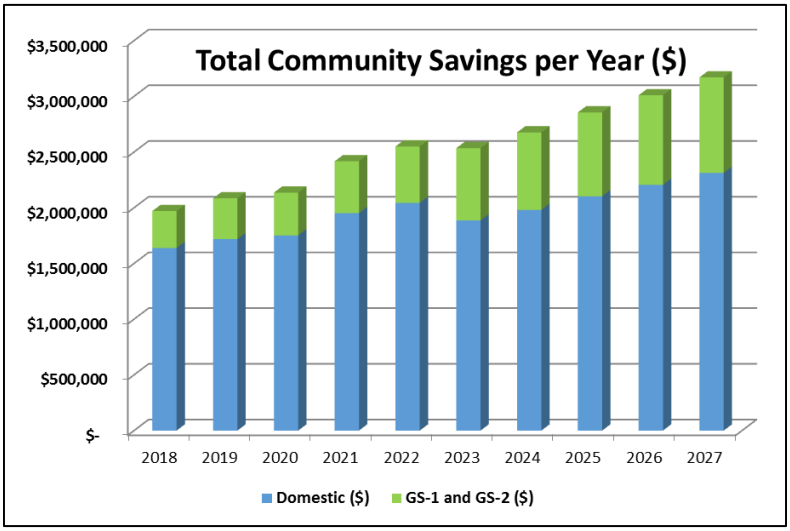
Rialto CCA customers are also subject to the Department of Water Resources Bond Cost (DWRBC) within the SCE CRS rate. DWRBC costs are included in distribution rates for bundled accounts and included in CRS rates for CCA accounts. Given that customers pay these costs under

[35] See CPUC Rulemaking 17-06-026—Order Instituting Rulemaking to Review, Revise and Consider Alternatives to the Power Charge Indifference Adjustment.

both bundled and CCA service, these costs are eliminated from the savings analysis as DWRBC costs are the same under bundled or CCA rates. The financial forecast assumes that DWRBC costs are constant until 2022, after which date DWRBC costs are expected to end for all customers.

Table 6.2 outlines estimated community-wide savings estimates calculated during the exploratory phases of a potential CCA program in The City of Rialto. Actual savings that participating customers experience depend upon the individual account's electric usage patterns, market prices at time of Program implementation and regulatory conditions impacting costs of operating a CCA. Upon certification of this Implementation Plan by the CPUC, the Rialto CCA intends to update cost estimates and secure firm pricing upon which the City Council will make a decision whether to fully implement the Rialto CCA.

TABLE 6.2
Community-Wide Savings Estimates[36]



Rialto CCA recognizes the dynamic nature of factors impacting costs of the Program, including commodity market prices and changes to regulatory requirements in effect at the time of the preparation of this Implementation Plan. Rialto CCA will take such factors in to account when preparing its Program for launch, as well as ongoing evaluation of such factors during Program operation in order to achieve its stated goals. Rialto CCA will establish estimated costs of wholesale power supply, applicable SCE charges CRS, outsourced costs of contractors and advisors, internal costs, cash flow projections (including bad debt assumptions) to determine total estimated CCA costs. These costs will be compared to the current and projected corresponding SCE rates for each rate class.

[36] Community-wide savings estimates include only Domestic, Domestic-CARE (Residential), GS-1 and GS-2 (Small Commercial) customer classes. Savings estimates for other customer classes vary widely with individual account usage patterns, such that class averages savings do provide a meaningful saving estimate. For these classes of customers, Rialto CCA expects only accounts with positive savings to participate.

CHAPTER 7—Rate Setting, Program Terms and Conditions

Outline

- Overview
- Rate Setting Policies and Process
- Rate Competitiveness and Stability
- Equity Among Customer Classes
- Disclosure and Due Process in Rate Setting
- Custom Pricing Options
- Energy Storage
- Net Energy Metering

Overview

This Chapter describes Rialto CCA's initial policies pertaining to the setting of electric rates including rate making principles, cost allocation, rate design, and policies for due process in setting Program rates. This chapter will also describe rate setting policies pertaining to pricing programs associated with net metering, distributed energy resources, demand response, and energy storage. The Rialto CCA will establish a process for rate setting that ensures compliance with all regulatory requirements while streamlining the rate setting process where possible. The goals of this streamlining are to minimize administrative costs, simplify Program management and maximize the transparency of the Rialto CCA rate setting process.

Rate Setting Policies and Process

Rialto CCA rates are set to recover projected energy and non-energy operating expenses (i.e., the Program revenue requirement) based on forecasted electricity consumption.[37] The resulting rates and associated policies will be designed to ensure timely recovery of all costs related to operation of the CCA including any charges (credits) required to recover (return) costs to customers. A rate design and cost allocation methodology will be developed and documented by the Rialto CCA in conjunction with a designated utility rate design expert. Rialto CCA will then apply the cost allocation methodology to develop proposed rates.

All Rialto CCA customers within a designated rate class and subject to the same terms and conditions will receive the same pricing offers based on established Rialto CCA rates. The proposed supply structure for each rate class is as follows:

- Domestic and D-CARE accounts will be offered all-in rates expressed in cents per kilowatt-hour;
- Small and medium commercial (GS-1, GS-2) accounts will be offered all-in rates expressed in cents per kilowatt-hour, applicable to the entire rate class;

[37] Non-energy operating costs are the costs required to establish and manage the CCA including the cost for data service, outreach and communications, legal, finance, program development, supplier management, and maintenance of a reserve fund.

- Large commercial (GS-3, TOU-8 SEC, TOU-8 PRIM, TOU-SUB, TOU-PA-2, TOU-PA-3, TOU-PA-ICE) will be offered a multi-part rate structure that can be applied to various load patterns and provide flexible supply options;
- Street Lighting and Traffic Control accounts will be offered an all-in rate.

Additional rate classes will be evaluated based on Rialto CCA customer requests (e.g. an electric vehicle charging rate). All rates will include the statutorily-required minimum quantity of renewable energy. Rates that include levels of renewable energy exceeding the requirements under statute may be made available to each rate class on an opt-in basis.

On an annual basis, the Rialto CCA will review and approve the operating budget, revenue requirement and resulting customer rates. The annual review will include procedures to ensure Rialto CCA complies with its own rate setting process and all state-mandated CCA requirements including universal access, reliability and equitable treatment of all classes of customers.

During the annual budget and rate review, proposed cost allocation and customer policies will be evaluated and approved by the Rialto CCA, including:

- Rights and responsibilities of Rialto CCA customers;
- Consumer protection procedures;
- Credit management and shutoff procedures;
- Use of reserve or balancing accounts to manage recovery of any deferred charges;
- Process of terminating the Rialto CCA, if necessary;
- Compliance with applicable state law and regulation, including rules that may be adopted in the future.

Rate Competitiveness and Stability

Rialto CCA CCA's primary objective is to reduce and stabilize customer electricity costs. To achieve this objective, Rialto CCA will seek to develop rates that provide savings versus the otherwise applicable SCE rate. As part of its efforts to stabilize customer rates, Rialto CCA may also create a mechanism to manage PCIA costs.

Equity Among Customer Classes

The Rialto CCA will offer electricity supply to all electricity consumers within the City currently served by SCE. All such eligible electricity consumers will continue to retain the right to choose another authorized electric service provider or remain with SCE.

Rialto CCA will endeavor to provide customers electricity at rates which reflect the actual cost of serving their rate class or individual account consistent with the principle of cost causality. Such transparency will ensure that customers only incur costs associated with their consumption and are correctly incentivized to pursue energy efficiency and conservation measures. Such transparent rate setting may also result in large variations in savings across customer types or rate classes. Cost savings associated with Rialto CCA rates may also be affected by the availability

of optional rates available from the Rialto CCA or SCE (e.g., EV charging). Rialto CCA may also consider offering economic development rates for commercial customers as a means of attracting businesses to the City.

Disclosure and Due Process in Rate Setting

The Rialto CCA budgeting process is open to the public and rate calculations will be published and be available for public review. The City Council will approve all supply agreements and resulting rates. Rialto CCA will publish its budget and related financial information annually.

For the first year of operations, the Rialto CCA will review the operating budget, revenue requirement and resulting rates before initiating the opt-out notification process. Once the Rialto CCA is operating, notices of rate changes will be available for review at the Rialto City Clerk's office, published on-line and published in one or more designated local newspapers. These notices will provide the following:

- New rates applicable to various rate classes
- Otherwise applicable current SCE rate class average rate
- Known SCE surcharges (e.g., CRS)
- Mailing address, email and call center contact information for customer inquires
- Date of public hearing regarding rates, if applicable

Custom Pricing Options

In addition to the base rates offered by Rialto CCA, additional rates may also be developed by the Rialto CCA based on specific types of load, customer requirements or the existence of various forms of distributed energy resources. These rate options will be approved by the Rialto CCA and be designed to create additional value for Program's customers while preventing undue cost shifting to other customers not participating in the custom rate program. Rialto CCA expects that one of the first custom rates to be offered will provide additional levels of renewable power above what is required statutorily by California in any given year.

Energy Storage

Due to advances in energy storage technologies, there is a growing opportunity for energy consumers to reduce energy costs and improve reliability through investments in energy storage systems. Further, the state of California has established and continues to evaluate storage targets for CCAs.[38] Rialto CCA will consider ways to support customer-sited energy storage systems and will ensure that third-party electricity supply complies with established storage regulations.

Net Energy Metering

[38] See Cal. Pub. Util. Code § 2835 et seq. and R.15-03-011, Proposed Decision on Track 2 Energy Storage Issues, pp. 22-25 (Feb. 24, 2017).

Net energy metering (NEM) permits electricity consumers with on-site generation to be billed for their energy consumption on a "net" basis, effectively selling excess energy back to the supplier or reducing the total incoming electricity volumes. The Rialto CCA will establish a NEM policy and resulting program that allows Rialto CCA customers with designated on-site generation (e.g., photovoltaics) to sell excess energy to Rialto CCA at rates that reflect the market price of electricity. Such a rate structure will specify maximum levels of energy generation, the true-up period, the determination of compensation in compliance with applicable state regulations and the principles set forth in Assembly Bill 920 (AB 920) and California Public Utilities Code Sections 2827 and 2827.1. Separate from any NEM program, Rialto CCA may also establish a program for larger facilities directly connected to the transmission system in which Rialto CCA can procure long term supply under a set rate (e.g., feed-in tariff).

CHAPTER 8—Customer Rights and Responsibilities

Outline

- Overview
- Public Information and Program Marketing
- Customer Notices
- Termination Fee
- Customer Confidentiality
- Payment, Collection and Receivables
- Customer Deposits

Overview

The Rialto CCA recognizes that many of the customer rights and responsibilities are established by law and/or rule, including SCE tariffs. Rialto CCA will incorporate all such requirements into the Program's policies. In addition, Rialto CCA will maintain resources which are designed to provide customers with access to information regarding the terms and conditions of the Program and customer support for inquiries.

Public Information and Program Marketing

Rialto CCA will establish and maintain a public information program containing the following:

1. Education and marketing materials describing the key components of customer choice, CCA objectives and the benefits of participation;
2. Access to Rialto CCA information resources including public meetings, web resources and toll-free telephone customer support;
3. Rates, terms and conditions of participation in the Program;
4. Access to regulatory filings and other required documents, including the Implementation Plan; and
5. Information on optional customer programs and how to participate.

With the assistance of Program contractors, Rialto CCA will establish and maintain the public information program. All public information resources will be approved by designated Rialto officials prior to release.

Customer Notices

The eligible electric accounts in Rialto CCA's jurisdiction will receive a total of four opt-out notices approximately 30 days apart. The notices will be mailed to the billing address for each account during four consecutive months. The list of accounts will be provided to Rialto CCA by SCE. The opt-out notices will include a description of the Program, the rates for each customer class and the terms and conditions of the Program. Customers may opt-out via their choice of returning a pre-paid postcard, calling a toll-free telephone number, or other specified method.

Approximately 30 days after the second notice is mailed, accounts that have not opted out will be automatically enrolled. Two additional opt-out notices will be issued, and recipients retain

the right to opt-out until approximately 30 days after the fourth notice has been mailed. Rialto CCA will distribute the opt-out notices with its own resources rather than use the optional SCE service.

With the assistance of Program contractors, Rialto CCA will review SCE customer account data for new accounts established in the Program's jurisdiction on a monthly basis. New accounts will be provided opt-out notices and access to customer information resources, and be enrolled per the process described above. Electric accounts relocating within the Rialto CCA may maintain their participation in the Program.

Termination Fee

Accounts which opt-out during the four-month notice period will stay on (or be returned to) bundled SCE generation service with no obligation. Customers opting-out after the initial four-month opt-out window may be subject to a termination fee as established in the Program rates, terms and conditions. Termination fees are intended to maintain Program solvency and rate neutrality rather than be punitive.

Customer Confidentiality

Confidentiality of account and customer information is a high priority for Rialto CCA. Confidentiality requirements are established in AB 117, statutory requirements in the California Public Utilities Code and by SCE tariffs governing the handling of customer information. Rialto CCA will comply with all such requirements. Customer data will only be used as necessary to establish and operate the Program. Customer information will not be made available to any party not essential to Program operations. All contractor agreements will include clearly-stated confidentiality requirements, including execution of any required written release forms. Customer data may be used to comply with applicable law or regulation and Program operation. Customer data will not be disclosed for telemarketing, email, direct mail or door-to-door soliciting.

Payment, Collection and Receivables

The Rialto CCA's objective is to operate efficiently and minimize administrative costs. Maintaining sufficient cash flows to fund the Program's operation is essential to achieving this objective. Enrolled accounts are responsible for payment of all charges for participation in the Rialto CCA. Customers will be billed and remit payments to SCE per SCE's normal billing schedule procedures. For accounts enrolled in the Rialto CCA, the generation charges on the customer's bill will be collected and distributed to the Rialto CCA or its designee, which in turn will pay the power suppliers and contractors. Rialto CCA may establish a "lockbox" through a financial institution to accept payments.

Non-payments and partial customer payments are subject to the late payment rules in SCE's tariffs and the Program terms and conditions. SCE will pursue collection of the unpaid amounts and distribute the generation portion of the collections to the Rialto CCA. Unpaid account charges that have not been restored within 90 days of the original due date and have not made alternate

arrangements for restoring the account to current will be discontinued from the Rialto CCA generation service and returned to SCE generation service on the next scheduled billing cycle. Participating accounts whose non-payment is the result of a duly-filed billing dispute will not be disconnected from Program service during the dispute process per SCE's tariffs.[39] Rialto CCA intends to maintain sufficient working capital in its funding formula to cover non- and late-payment balances.

Customer Deposits

Customer deposits may be required for certain accounts or rate classes to maintain Program solvency. These deposit requirements will be established through a documented credit policy that will consider various factors including the account's payment history. In general, domestic and small commercial rate classes are not subject to deposits upon Program enrollment. Larger commercial accounts may be subject to a deposit upon Program enrollment. Any account is subject to a deposit if the account's payment history reflects consistent partial or non-payments.

Deposits held by the Rialto CCA for any participant's account will be returned to the customer upon disconnection from Program service, provided no outstanding Program charges are owed. Deposits required due to poor payment history may be returned after 12 consecutive months of full-payment history and upon the customer's request.

[39] Applicable SCE's customer tariffs include but are not limited to SCE Rule 23, 23-2 and Rule 11.

CHAPTER 9—Procurement Process

Outline

- Overview
- Procurement Methods
- Contracts with Third Parties
- Electric Supplier(s)
- Data Management

Overview

Rialto CCA intends to procure energy supply under a competitive process which incorporates the best practices available in the industry.

Procurement Methods

With the assistance of Program consultants, Rialto CCA will utilize market analysis, product structuring and competitive bidding for managing its energy portfolio. At all times, the City Council will retain the obligation to make all procurement decisions and execute contracts with suppliers valued at greater than $100,000.

Contracts with Third Parties

To the greatest extent possible, the various agreements established with suppliers and contractors shall include provisions which establish the liabilities, debts, and obligations of the Rialto CCA as separate from the liabilities, debts, and obligations of the City.

Electric Supplier(s)

The Rialto CCA will select its energy suppliers through competitive procurement processes administered by the Third-Party CCA Manager. The candidate suppliers will be experienced power marketers demonstrating broad resources to supply the required electricity, resource adequacy, ancillary services and other components required to serve Rialto CCA. Such procurements will contain evaluations for qualitative and quantitative criteria and will encourage participation from local businesses when feasible.

Data Management

Rialto CCA recognizes the specialized nature of customer information and related data involved in electricity supply and the significant expense of establishing its own customer information system. To that end, Rialto CCA will solicit the services of a qualified contractor with established utility billing, I.T. and staff resources to handle the required customer data management tasks. Consistent with the Program's goals, Rialto CCA seeks to leverage the assets and expertise of established service providers in the competitive retail electric industry.

CHAPTER 10—Contingency Plan for Program Termination

Outline

- Overview
- Notice to Southern California Edison and Customers
- Financial Contingency
- Contracts Contingency

Overview

The Rialto CCA intends to operate indefinitely once fully implemented with no set termination date. However, AB 117 and the Public Utility Code require CCAs to establish policies and procedures related to Program termination. If, at some point, the Rialto City Council votes to terminate the Program, Rialto CCA will comply with all applicable laws, regulations and rules in effect at the time pertaining to Program termination.

Notice to SCE and Customers

Rialto CCA will comply with SCE Rule 23, Section S in event of Program termination. Currently, the rule requires 12 months' notice to SCE prior to returning customers to SCE bundled service, six months' advance notice to customers and a 60-day final notice to customers. SCE will separately notify customers of a pending change of service, which will occur on each account's regularly-scheduled billing schedule.

Financial Contingency

Rialto CCA will allow for funding in its rate structure to provide for the contingency of Program termination. Rialto CCA will include a rate component which establishes a contingency fund to be used to cover costs of Program termination. The reserves in the fund will be collected in monthly customer revenues and deposited in an account established specifically for such a contingency. To address certain termination costs, the CPUC requires a bond to be posted prior to fully registering the CCA. Currently, the amount of this bond is $100,000. At the time this Plan was prepared, the amount of this bond is subject to a proceeding by the CPUC and may need to be amended as required.[40]

Contracts Contingency

All contracts with supplier(s) and vendors will contain provisions for early termination of the agreement. Such terms and conditions in supply agreements are bilateral, and establish clear criteria for notifying the affected party of the intent to terminate. The contract terms and conditions also will specify the financial consequences of early termination. With the assistance of Program contractors and the Program's legal counsel, Rialto CCA will prepare an evaluation of contract termination costs and other considerations for presentation to the City Council prior to any decision regarding contract termination.

[40] CPUC Rulemaking 03-10-003 regarding setting bond requirement for CCAs in accordance with Section 394.25(e).

APPENDIX A

Description of SCE Rate Classifications

Domestic (Domestic Service and Domestic CARE)
Applicable to all residential service including lighting, heating, cooking, and power or combination thereof in a single-family accommodation or an individually metered single-family dwelling in a multi-family accommodation; also includes D-CARE and domestic farm service when supplied through the farm operator's domestic meter.

TOU-D (Time-of-Use - Domestic)
Applicable as an optional rate schedule to customers eligible for service on Schedule D (Domestic) or Schedule D-CARE, based on variable pricing dependent upon the season and the time of day that energy is consumed.

TOU-GS-1 (Time-Of-Use - General Service – Small Commercial)
Applicable to single- and three-phase general service including lighting and power, except that the customer whose monthly maximum demand, in the opinion of SCE, is expected to exceed 20 kW or has exceeded 20 kW in any three months during the preceding 12 months is ineligible for service under this Schedule. Effective with the date of ineligibility, the customer's account shall be transferred to Schedule TOU-GS-2.

TOU-GS-2 (Time-Of-Use - General Service – Small Commercial)
Applicable to single- and three-phase general service including lighting and power customers whose monthly maximum demand registers, or in the opinion of SCE is expected to register, above 20 kW and below 200 kW. The customer whose monthly Maximum Demand, in the opinion of SCE, is expected to reach 200 kW or has reached 200 kW for any three months during the preceding 12 months is ineligible for service under this Schedule. Effective with the date of ineligibility, the customer's account shall be transferred to Schedule TOU-GS-3.

TOU-GS-3 (Time-Of-Use - General Service – Medium Commercial)
Applicable to single- and three-phase general service including lighting and power customers whose monthly Maximum Demand registers, or in the opinion of SCE is expected to register 200 kW through 500 kW. The customer whose monthly Maximum Demand, in the opinion of SCE, is expected to exceed 500 kW or has exceeded 500 kW for any three months during the preceding 12 months is ineligible for service under this Schedule and effective with the date of ineligibility, such customer's account shall be transferred to Schedule TOU-8.

TOU-8 (Time-Of-Use - General Service – Large Commercial)
Applicable to general service, lighting and power. This Schedule is mandatory for all customers whose monthly maximum demand, in the opinion of SCE, is expected to exceed 500 kW or has exceeded 500 kW in any three months during the preceding 12 months.

TOU-PA-2 (Time-Of-Use Agricultural and Pumping - Demand Metered)
Applicable where SCE determines that 70% or more of the customer's electrical usage is for general water or sewerage pumping, or for oil pumping by customers with a Standard Industrial Classification (SIC) Code of 1311, and none of any remaining electrical usage is for purposes for which a domestic schedule is applicable. This Schedule is applicable to customers whose monthly maximum demand registers or is expected to register below 200 kW. Customers whose monthly demands registers, or in the opinion of SCE is expected to register 200 kW through 500 kW are required to take service on Schedule TOU-PA-3.

TOU-PA-3 (Time-Of-Use Agricultural and Pumping - Demand Metered)
Applicable where SCE determines that 70% or more of the customer's electrical usage is for Agricultural Power Service, general water or sewerage pumping, or for oil pumping by customers with a Standard Industrial Classification (SIC) Code of 1311, and none of any remaining electrical usage is for purposes for which a domestic schedule is applicable. This Schedule is applicable to customers whose monthly maximum demand registers, or in the opinion of SCE, is expected to register 200 through 500 kW. The customer whose monthly Maximum Demand, in the opinion of SCE, is expected to exceed 500 kW or has exceeded 500 kW for any three months during the preceding 12 months is ineligible for service under this Schedule. Effective with the date of ineligibility, the customer's account shall be transferred to Schedule TOU-8 or Schedule TOU-8-S if the customer's account is also served under Schedule S.

TC-1 (Traffic Control Service)
Applicable to single- and three-phase service: for traffic directional signs or traffic signal systems located on streets, highways and other public thoroughfares and to railway crossing and track signals; for public thoroughfare lighting that is utilized 24 hours per day or is not controlled by switching equipment, such as tunnel or underpass lighting; and, to public authorities for the illumination of bus stop shelters located in the dedicated road right-of-way where such service is combined with other traffic control service as defined above.

STREET LIGHTING (Lighting - Street and Highway Company-Owned System)
Applicable to service for the lighting of streets, highways, and publicly-owned and publicly-operated automobile parking lots which are open to the general public where SCE owns and maintains the street lighting equipment and associated facilities included under this schedule.

APPENDIX B

Rialto Ordinance Adopting Implementation Plan

[To be inserted when Ordinance is passed]