



Redwood Coast Energy Authority

633 3rd Street, Eureka, CA 95501

Phone: (707) 269-1700 Toll-Free (800) 931-RCEA Fax: (707) 269-1777

E-mail: info@redwoodenergy.org Web: www.redwoodenergy.org

REGULAR MEETING AGENDA

Humboldt Bay Municipal Water District Office
828 7th Street, Eureka, CA 95501

February 26, 2018
Monday, 3:15 p.m.

RCEA will accommodate those with special needs. Arrangements for people with disabilities who attend RCEA meetings can be made in advance by contacting Lori Taketa or front office staff at RCEA, 633 3rd Street, Eureka, or by calling 269-1700, or by e-mail at Ltaketa@redwoodenergy.org, by noon the day of the meeting.

OPEN SESSION Call to Order

1. REPORTS FROM MEMBER ENTITIES

2. ORAL COMMUNICATIONS

This time is provided for people to address the Board or submit written communications on matters not on the agenda. At the conclusion of all oral and written communications, the Board may respond to statements. Any request that requires Board action will be set by the Board for a future agenda or referred to staff.

3. CONSENT CALENDAR

All matters on the Consent Calendar are considered to be routine by the Board and are enacted on one motion. There is no separate discussion of any of these items. If discussion is required, that item is removed from the Consent Calendar and considered separately. At the end of the reading of the Consent Calendar, Board members or members of the public can request that an item be removed for separate discussion.

3.1 Approve Minutes of January 22, 2018, Regular Board Meeting.

3.2 Approve Warrants.

3.3 Accept Financial Reports.

4. REMOVED FROM CONSENT CALENDAR ITEMS

Items removed from the Consent Calendar will be heard under this section.

5. OLD BUSINESS

5.1 Community Advisory Committee (CAC) Membership

Appoint Craig Mitchell to the Humboldt Bay Municipal Water District seat and reappoint Matty Tittman to the County 2 (Southern Humboldt) seat on the CAC.

Establish ad-hoc CAC at-large candidate Board subcommittee to review and recommend applicants to fill the four at-large vacancies.

6. NEW BUSINESS

6.1 FY15-16 Fiscal Audit

Accept and approve FY15-16 Independent Fiscal Audit Report.

6.2 Mid-Year Budget Review (no action, information only)

COMMUNITY CHOICE ENERGY (CCE) BUSINESS (Confirm CCE Quorum)

Items under this section of the agenda relate to CCE-specific business matters that fall under RCEA's CCE voting provisions, with only CCE-participating jurisdictions voting on these matters with weighted voting as established in the RCEA joint powers agreement.

7. OLD CCE BUSINESS

7.1. Energy Risk Management Quarterly Report (no action, information only)

8. NEW CCE BUSINESS

8.1 2018 CCE Program Rate Setting

Adopt Resolution No. 2018-2 of the Redwood Coast Energy Authority Setting Community Choice Energy Program Rates for 2018.

8.2 Public Agency Solar Program

Approve establishment of the Pilot Public Agency Solar Program, with initial funding of \$170,000 for the remainder of calendar year 2018.

8.3 CCE-Funded Customer Programs

Discuss and provide direction to staff on a process for designing and budgeting CCE-funded customer programs.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

9. STAFF REPORTS

9.1 Executive Director

- Report on Governor's Office of Planning and Research Eureka workshop.
- Update on Humboldt County Airport Microgrid Project.
- Offshore Wind Update.

9.2 Director of Power Resources

- Update on biomass impact report.

DISCLOSURE OF ITEMS TO BE DISCUSSED IN CLOSED SESSION

The Redwood Coast Energy Authority Board of Directors will meet in closed session to consider the items listed under agenda item number 11, "Closed Session."

10. PUBLIC COMMENT REGARDING THE CLOSED SESSION ITEM(S)

11. CLOSED SESSION

With respect to every item of business to be discussed in closed session pursuant to Government Code Section 54957.6:

11.1. Labor Negotiations, unrepresented employee, Executive Director

12. RECONVENE TO OPEN SESSION

13. REPORT FROM CLOSED SESSION

14. ADJOURNMENT

NEXT REGULAR MEETING

Monday, March 19, 2018, 3:15 p.m.
Humboldt Bay Municipal Water District Office
828 7th Street, Eureka, CA 95501

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E-mail: info@redwoodenergy.org Web: www.redwoodenergy.org

DRAFT MEETING MINUTES

**Humboldt Bay Municipal Water District Office
828 7th Street, Eureka, CA 95501**

**January 22, 2018
Monday, 3:15 p.m.**

RCEA will accommodate those with special needs. Arrangements for people with disabilities who attend RCEA meetings can be made in advance by contacting Lori Taketa or front office staff at RCEA, 633 3rd Street, Eureka, or by calling 269-1700, or by e-mail at Ltaketa@redwoodenergy.org by noon the day of the meeting.

ROLL CALL

Board Chair Woo called the meeting to order at 3:15 p.m.

Present: Michael Sweeney, Austin Allison, Bobbie Ricca, Sheri Woo, Michael Winkler, Dwight Miller, Frank Wilson, Dean Glaser. Estelle Fennel arrived at 3:18 p.m.

Absent: None.

1. REPORTS FROM MEMBER ENTITIES

Vice Chair Winkler reported speaking with a University of Delaware researcher who is going to the offshore wind energy conference in Sacramento in March. Winkler and Executive Director Marshall will also attend the conference, which will be a good opportunity to network and extend outreach with people in this field.

2. ORAL COMMUNICATIONS

This time is provided for people to address the Board or submit written communications on matters not on the agenda. At the conclusion of all oral and written communications, the Board may respond to statements. Any request that requires Board action will be set by the Board for a future agenda or referred to staff.

Executive Director Marshall announced that Clerk of the Board Ahn Fielding had to leave RCEA and that Lori Taketa began serving as Clerk of the Board as of Friday.

3. CONSENT CALENDAR

All matters on the Consent Calendar are considered to be routine by the Board and are enacted on one motion. There is no separate discussion of any of these items. If discussion is required, that item is removed from the Consent Calendar and considered separately. At the end of the reading of the Consent Calendar, Board members or members of the public can request that an item be removed for separate discussion.

3.1 Approve Minutes of December 18, 2017, Regular Board Meeting.

3.2 Approve Warrants.

3.3 Accept Financial Reports.

3.4 Approve 2018 Board Meeting Calendar.

3.5 Adopt Resolution No. 2018-1 of the Redwood Coast Energy Authority Approving Membership in the Humboldt Area Chapter of the California Special Districts Association.

M/S/C: Ricca, Miller: Approve consent calendar items as presented.

4. REMOVED FROM CONSENT CALENDAR ITEMS

Items removed from the Consent Calendar will be heard under this section.

None.

(Director Fennell arrived at 3:18 p.m.)

5. OLD BUSINESS

5.1 Power Purchase Agreement with DG Fairhaven, LLC

Approve 12-month Power Purchase Agreement with DG Fairhaven, LLC and authorize the Executive Director to execute the agreement and any other associated documents as necessary.

Director of Power Resources Richard Engel reviewed the staff report recommending approving a power purchase agreement (PPA) with DG Fairhaven, LLC. Since December's board meeting, DG Fairhaven expressed willingness to contract with RCEA to produce biomass electricity at \$65/MWh for one year, renewable in one-year increments. These terms allow RCEA to contribute to its reserve fund, minimize risk, deliver customer savings, and meet all performance criteria such as greenhouse gas emission and renewable content goals.

Discussion on the topic clarified that DG Fairhaven expects to operate at constant output and would commit to sell RCEA all the power generated. The increased biomass-generated electricity would equal 24% of RCEA's renewable energy portfolio.

Director Sweeney asked if staff could quantify the job creation benefits for purchasing biomass as it is a more expensive power source. Director Fennell stated the agreement is important for the community and preserves jobs.

Director Miller supported staff's recommendation and requested a succinct report distilling the years of argument for and against purchasing biomass, including any jobs benefits and atmospheric carbon impacts, citing the board's changed composition.

Director Wilson thanked the RCEA board for their efforts and asked that the cost of hauling local biomass elsewhere to create energy be included in the study. He pointed out that no other California CCA can say they are creating 24% of their green energy locally.

Director Winkler requested the study analyze whether the timber industry is a net creator or absorber of CO₂, in timber products, wood waste, standing tree biomass, and carbon in the soil. Director Winkler stressed the long-term importance of mitigating particulate emissions by working with people with wood stoves to switch to lower emission, lower particulate heat sources.

Chair Woo suggested RCEA staff investigate whether an ongoing Humboldt State University biomass study will address some of the board's questions.

Member of the public Mary Sanger of 350 Humboldt asked what the process will be to change the energy procurement guidelines from 15% to 24% biomass energy.

Member of the public Margaret Stofsky asked how the additional atmospheric carbon from biomass energy production compares to the carbon released during recent northern California fires. Stofsky, who suffers from lung disease, expressed concern about biomass burning's effect on herself, others, the local ecosystem and Humboldt Bay. She asked whether the increased biomass energy production has been evaluated in an integrated way for ordinary people to understand the monetary and quality of life costs.

Member of the public Ellen Golla said calling biomass green power is offensive because it is the largest local, stationary air toxin and pollution source producing carbon, VOC, and particulates, which is the pollutant most closely tied to excess disease and death. Golla feels biomass is not green power and cannot compare to wind or solar and the local Air Quality Management District's current woodstove exchange for areas near the Blue Lake and Scotia biomass plants are laughable because newer wood stoves are not that much cleaner than old ones. Golla finds the increase of biomass to almost a quarter of the energy portfolio to be offensive and dishonest because she feels it is not greener and cleaner as RCEA has presented it to be.

A member of the public asked how many years ago DG Fairhaven started pursuing alternate energy such as wind and wave power in an attempt to reduce carbon.

Bob Marino of DG Fairhaven, LLC, explained that DG Energy Solutions proposed a tri-renewable energy generation site, including wind and wave power, in conjunction with its Fairhaven power plant in 2005. Five wind generators were proposed, which elicited visual blight concerns. The fishing industry was concerned with close-in wave energy project impacts and the project fell by wayside. Wave generation is more sophisticated now and DG Fairhaven may look at this again. Marino thanked the board and staff for their diligence and stated the \$65/MWh is a modest increase over solar and wind generation prices and that DG Fairhaven can accept that price this year because of a preponderance of no-cost fuel.

Executive Director Marshall described the process leading up to the procurement guidelines and percentages. RCEA was aiming for about 15% locally-produced electricity, or about 20 MW based on price and customer load projections. The proposed agreement with DG Fairhaven brings the biomass amount to 23 MW, which is not far from the original 20 MW target. The difference in percentages is greater because of the way the actual numbers trued up with the TEA technical study's projected numbers.

Chair Woo recalled from past biomass procurement discussions that 15% was a middle ground between going all in on local biomass and not purchasing local biomass at all. Executive Director Marshall confirmed that initially there were three biomass

plants, including Blue Lake, competing to provide power. If all were operating at full capacity, the percentage would be higher. The 15% portion represents a middle-of-the-road approach, using one to two facilities.

Chair Woo also recalled past, lengthy board discussions resulting in decisions to let other agencies do their jobs to monitor biomass energy's public health and environmental effects as RCEA is unable to enforce air or water quality regulations. However, the PPAs state that if the company is not complying with environmental rules, RCEA can discontinue doing business with them. The North Coast Unified Air Quality Management District and the North Coast Regional Water Quality Control Board determine compliance.

Director Fennell stated that any energy production has impacts and that if companies are in violation of standards, then RCEA will not do business with them.

Director Sweeney stated the board has been told that research on lung health says the PM10 standard is inadequate and that PM2.5 is the preferred. Legal Counsel Diamond confirmed that both the Environmental Protection Agency and the state are developing PM2.5 standards. Director Sweeney pointed out that the improved standards will be applied to local biomass producers and improve things significantly.

Director Wilson stated that Humboldt County never actually uses green power produced in Riverside County or Washington State because of power grid line constraints. PG&E's natural gas power plant, imported electricity from a line along Highway 36, or local generation are the area's only power sources. Humboldt Redwood Company spent millions of dollars on plant upgrades to meet air quality regulations and will continue to do so as regulations become more stringent. Humboldt County residents must use what is here to keep their lights on.

Vice Chair Winkler has been working with Sierra Club staff and the Building Decarbonization Group to push for policy that promotes the shifting from wood stoves to electric heat pumps.

Richard Engel clarified that clause 5.1.b.6 of the power purchase agreement ("Events of Default") gives RCEA the right to end the agreement if the energy producer does not comply with applicable laws.

Director Allison requested tabling the PPA decision until the next meeting as going from under 15% to 24% biomass procurement for at least a year is a big decision and is a lot for local ratepayers to consider. Director Allison stated that RCEA is breaking promises by creating this agreement and the public may not be comfortable knowing the board supported sourcing 24% of ratepayers' renewable energy from biomass. Biomass is a dirty renewable energy that releases particulates into the atmosphere that affect public health. Getting rid of the county's biomass waste should not be RCEA's responsibility. The \$65/MWh price is still high compared to other renewables. Local clean energy alternatives, including offshore wind power, may be more affordable.

Director Miller stated that the PPA must be approved in the short term and asked that more information about biomass be provided for long-term planning.

Director Glaser recalled that at the CCA's inception, the need to pay back TEA funds motivated using the least expensive renewable energy. Humboldt County's cogeneration power plants differentiate the region's CCA from other California CCAs and justify RCEA's unique approach. The biomass plants use EPA-regulated filter systems costing millions of dollars and their emissions are minute compared to forest fires. The electricity they produce is the best outcome from pulp waste product. Supporting this local company is a great use of ratepayer dollars.

Chair Woo pointed out that as the DG Fairhaven power procurement discussion continued for months, another big project, offshore wind, has come up. Chair Woo expressed to RCEA staff that she did not want to jeopardize future local energy projects by putting more money into local biomass now. Staff assured Chair Woo that because this is a 12-month contract, they are comfortable with this recommendation. Director Fennell added that off-shore wind will not be operational next year.

Executive Director Marshall clarified that both parties need to mutually agree to renew the current agreement with the current price and terms. This will be a board decision, not an automatic renewal, at the end of the 12-month contract.

M/S/C: Fennell, Wilson: Approve 12-month power purchase agreement with DG Fairhaven, LLC, and authorize the Executive Director to execute the agreement and any other associated documents as necessary.

AYES: Fennell, Glaser, Miller, Ricca, Sweeney, Wilson, Winkler, Woo
NOES: Allison

6. NEW BUSINESS

6.1 Election of Officers

Select RCEA Board Chair and Vice Chair and authorize them as signers on RCEA bank accounts.

Chair Woo stated she is willing to serve another year as chair. Vice Chair Winkler stated he is also willing to serve another year as vice chair. Director Wilson said both have done a great job.

M/S/C: Sweeney, Miller: Select Sheri Woo as RCEA Board Chair and Michael Winkler as Vice Chair and authorize them as signers on RCEA bank accounts.

AYES: Unanimous

6.2 Offshore Wind Energy

Appoint RCEA Board members to an Offshore Wind Energy Subcommittee.

Approve issuing a Request for Qualifications for Offshore Wind Energy Development Partners after final review and approval by RCEA Legal Counsel and the RCEA Offshore Wind Energy Board Subcommittee.

Approve RFQ-response evaluation team members.

General Counsel Diamond, RCEA staff and Principal Power, Inc. representatives spoke with a federal regulatory agency, the Bureau of Ocean Energy Management (BOEM) and learned that interest in offshore wind energy in California is growing very quickly. To maintain some local control of the coast's offshore wind resource, RCEA needs to file an unsolicited lease application as soon as possible. Corporations and state agencies are now aware of this resource and are already reaching out to board members and Executive Director Marshall. A competitive solicitation process would allow RCEA to enter into an agreement with a competent entity or entities to prepare and submit a lease application quickly while continuing to study the viability, cost and impacts of this project and do public outreach. After discussion with Executive Director Marshall, Chair Woo and Vice Chair Winkler, the group determined that going through a request for qualification process is the best, most transparent way to facilitate a formal, ongoing partnership with Principle Power or another competitor, and which also allows the board to evaluate what other types of partnerships may be available.

The proposed request for qualifications (RFQ) is divided into three components:

1. For environmental consulting services to prepare the lease and do the many environmental studies this project requires;
2. For a company with a viable floating platform that can hold a wind turbine; and
3. For a company with the capability to finance, build and operate an offshore wind project. This type of company is common in other parts of world, but not on the West Coast.

It will be at least a several-year process before any equipment is installed. Acquiring the BOEM lease gives site control to begin the many state and federal processes to evaluate fishing, environmental, and cultural impacts.

Executive Director Marshall requested a board subcommittee to help with the RFQ process along with a response evaluation team made up of community members. The RFQ's proposed release on February 1 allows time for board and staff members to speak with Principle Power or other developers who will be in Eureka this week. After the RFQ is released, reviewers would not be able to communicate with the developers. Executive Director Marshall explained the provided list of evaluation team members is tentative and meant to include representatives of local economic development, public agency, tribal and environmental groups, including local fishermen, who appreciated being included in the process but may abstain from voting on the recommendation to avoid endorsing the project without due consideration. The board subcommittee would help finalize the evaluation team.

Directors Miller, Fennell, Vice Chair Winkler and Chair Woo expressed interest in serving on the subcommittee. Executive Director Marshall clarified that subcommittee members would finalize the RFQ and help define RFQ scoring criteria. The evaluation

team's membership should represent the breadth of community stakeholders and not be too large. Director Wilson reminded the board that competing entities have a lot of money and RCEA needs to move ahead now. Legal Counsel Diamond reminded board members not to be lobbied by RFQ respondents and to refer inquiries to Executive Director Marshall or the RFQ itself. Board members can meet with any company only before the RFQ is released.

Allison Talbott of PG&E noted she is on the evaluation team list but was the only business representative. She asked the board to consider adding more business representatives, possibly from a large construction company, who may have helpful perspectives on the responses.

Antoine Peiffer of Principle Power, LLC, stated his company is fully supportive of the RFQ process and considers it the best way for the project to move forward and make sure local control is kept. The company believes RCEA's advantage in BOEM's unsolicited lease process is that it would be difficult for a public agency to go against another public agency. BOEM will value RCEA's community representation in their lease considerations. Principle Power will respond to the RFQ in February.

M/S/C: Sweeney, Ricca: Appoint RCEA Board members Woo, Winkler, Fennel and Miller to an Offshore Wind Energy Subcommittee.

AYES: unanimous

M/S/C: Ricca, Miller: Approve issuing an RFQ for Offshore Wind Energy Development Partners after final review and approval by RCEA Legal Counsel and the RCEA Offshore Wind Energy Board Subcommittee.

AYES: unanimous

M/S/C: Miller, Ricca: Delegate approval of members of the RFQ-response evaluation team to the members of the Offshore Wind Energy Subcommittee.

AYES: unanimous

6.3 Community Advisory Committee Appointments

Nominate and appoint Community Advisory Committee (CAC) members to fill the vacant seats.

Authorize staff to announce and post the CAC application to fill the four at-large vacancies.

Appoint at least one RCEA Board member as a CAC liaison that will attend CAC meetings.

Executive Director Marshall reviewed staff report 6.3 on the Community Advisory Committee's current membership needs. Chair Woo stated she has been serving as the committee liaison and is ready to step down. Director Sweeney recommended Dennis Leonardi, a well-regarded local dairyman and submitted his application form.

Executive Director Marshall stated committee recruitment efforts will include placing an announcement on RCEA's webpage, in some local newspapers and informing the Eureka and Arcata energy committees. The Committee members provide input to the board and engage community members on RCEA's work. Last year they helped craft RCEA's community choice energy outreach messaging. The board can also determine the group's tasks, assigning the committee to review staff recommendations for community choice funded programs, for example.

Member of the public Margaret "Meg" Stofsky expressed interest in applying as an at-large committee member and introduced herself to the board.

M/S/C: Sweeney, Ricca: Approve the current Community Advisory Committee recognizing that some seats remain vacant and will be filled at a later time and appoint Dennis Leonardi to represent the Ferndale area.

AYES: unanimous

M/S/C: Winkler, Sweeney: Authorize staff to announce and post the CAC application to fill the four at-large vacancies,

AYES: unanimous.

Director Sweeney indicated his willingness to serve as a CAC liaison.

M/S/C: Ricca, Miller. Appoint RCEA Board member Michael Sweeney as a CAC liaison that will attend CAC meetings.

AYES: unanimous

COMMUNITY CHOICE ENERGY (CCE) BUSINESS (Confirm CCE Quorum)

Items under this section of the agenda relate to CCE-specific business matters that fall under RCEA's CCE voting provisions, with only CCE-participating jurisdictions voting on these matters with weighted voting as established in the RCEA joint powers agreement.

Executive Director Marshall pointed out that it was 5 p.m. and both CCE items were informational and required no action. Chair Woo asked that the items be deferred to next board meeting in February.

7. OLD CCE BUSINESS

7.1. Energy Risk Management Plan Quarterly Report (no action, information only)

8. NEW CCE BUSINESS

8.1 Rate Setting for 2018 (no action, information only)

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

9. STAFF REPORTS

9.1 Executive Director

- Work with the Governor's Office of Planning and Research on regional and state-level renewable energy planning.

Executive Director Marshall reported that RCEA is facilitating an early February meeting for County and city planning staff on offshore wind energy planning. The Governor's Office of Planning and Research and the U.S. Navy are convening the meeting which will likely cover general plan guidelines, planning for renewable energy in general, military readiness, and any overlapping areas. The California Energy Commission and the Ocean Protection Council may also attend. While this is not a public meeting, Executive Director Marshall will report to the board on meeting outcomes and will see if there will be a public presentation the night before.

Director Sweeney commented that offshore wind power will require onshore support infrastructure. County and city planning staff involvement creates a critical mass of interest.

Director Winkler is going to a Sacramento offshore wind meeting in March and asked if RCEA funds were allocated for this purpose. Discussion followed outlining the need for a board travel policy so there is a clear mechanism for allocating travel fairly among board members. Currently funding depends on whether RCEA had allocated for travel in its budget.

9.2 Director of Operations

- Grant submission for California Energy Commission GFO-17-604.

Director of Operations Dana Boudreau described RCEA's proposal for an EV Ready Community grant award of \$200,000 to the California Energy Commission (CEC). Since 2014, RCEA's work promoting alternative fuel vehicles has focused on passenger vehicles. This grant award presents an opportunity to broaden our focus to include other transportation options such as electric bicycles and buses. Staff will submit the proposal to the CEC on February 9 or before.

Chair Woo asked if staff has identified a source for the required \$50,000 in match funding. Mr. Boudreau stated staff is looking to external project partners to help with the required match funding, and to internal program funds since transportation produces the most greenhouse gasses regionally and transportation decarbonization is an excellent sector in which to invest Community Choice Energy program revenues.

DISCLOSURE OF ITEMS TO BE DISCUSSED IN CLOSED SESSION

The Redwood Coast Energy Authority Board of Directors will meet in closed session to consider the items listed under agenda item number 11, "Closed Session."

10. PUBLIC COMMENT REGARDING THE CLOSED SESSION ITEM(S)

11. CLOSED SESSION

With respect to every item of business to be discussed in closed session pursuant to Government Code Section 54957(b)(1):

- 11.1. Public Employee Performance Evaluation
 - 11.1.1. Executive Director

12. RECONVENE TO OPEN SESSION

13. REPORT FROM CLOSED SESSION

Chair Woo stated there was nothing to report from closed session.

14. ADJOURNMENT

Chair Woo adjourned the meeting at 6:00 p.m.

Respectfully submitted: Lori Taketa

NEXT REGULAR MEETING

Monday, February 26, 2018, 3:15 p.m.

Note: this is the 4th Monday of the month due to the Presidents Day Holiday

Humboldt Bay Municipal Water District Office

828 7th Street, Eureka, CA 95501

Public Comment

From: Ellen Golla
To: ltaketa@redwoodenergy.org
Cc: [Matthew Marshall](#)
Subject: Last month's board meeting
Date: Monday, February 26, 2018 3:48:35 AM

Hi Lori,

I have a couple of comments about the minutes from the last board meeting.

My transcribed comments were taken out of context, and did not quite represent what I had said. Among other things, my comment about wood stoves was in reply to something that was not transcribed. Richard Engel (I believe) had suggested that one way of mitigating the emissions from the biomass plants might be to provide firewood racks for people with wood stoves. I said that this comment reflected the staff's lack of understanding about fine particle pollution caused by wood burning. Related to that, the NCUAQMD's current wood stove exchange program, which is targeted at the areas affected by the Scotia and Blue Lake biomass plants, is laughable. This program will do nothing to decrease pollution in any meaningful way in these areas. Multiple studies have consistently shown that certified wood stoves in real-world usage are far more polluting than their certification levels suggest.

I also would like to note on page 4 of the January minutes it says:

"Director Sweeney stated the board has been told that research on lung health says the 10 parts per million (ppm) standard is inadequate and that 2.5 ppm is the preferred. Legal Counsel Diamond confirmed that both the Environmental Protection Agency and the state are developing 2.5 ppm standards"

While I'm glad that director Sweeney does care about particle pollution, it should be noted that there is no "10 parts per million" or "2.5 ppm" pollution standard.

The terms PM10 and PM2.5 refer to the size of the particles in question. PM10-sized particles are 10 micrometers (or microns) in diameter, and PM2.5 are 2.5 micrometers in diameter — roughly 30 times smaller than the diameter of a human hair, or less. The concentration of PM10 and PM2.5 in a given area is usually measured in micrograms per cubic meter.

It should also be noted that the importance of PM2.5 goes well beyond "lung health." In addition to being linked to asthma, pneumonia and COPD, numerous peer-reviewed studies have linked PM2.5 levels with increased rates of heart attacks, strokes, cancer, dementia, premature births, developmental harm to fetuses and children, and infant deaths. PM2.5 levels that are below current government safety standards are linked to increases in the adult death rate as well, especially for vulnerable populations such as seniors. As the Harvard epidemiologist Dr Joel Schwartz has [pointed out](#), "Particulate pollution is like lead pollution; there is no evidence of a safe threshold even at levels far below current standards," including in rural areas.

There's a possibility I might not be able to attend the meeting, but I wanted to set the record straight.

Thanks for your time and consideration.

Best regards,

Ellen Golla

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Redwood Coast Energy Authority

Warrants Report

For the month of December 31, 2017

Type	Date	Num	Name	Memo	Amount
Check	12/01/2017	EFT	CoPower	December Premium	-265.80
Bill Pmt -Check	12/01/2017	8410	ABC Office Equipment	Toner	-661.82
Bill Pmt -Check	12/01/2017	8411	AM Conservation	LED Stock	-686.38
Bill Pmt -Check	12/01/2017	8412	AT&T	November Telephone Service	-593.88
Bill Pmt -Check	12/01/2017	8413	Bishop, M.	M. Bishop - PG&E Bootcamp travel reimbursement	-119.02
Bill Pmt -Check	12/01/2017	8414	Bithell, M.	November purchase reimbursements	-41.24
Bill Pmt -Check	12/01/2017	8415	Boudreau, D.	November mileage	-10.80
Bill Pmt -Check	12/01/2017	8416	Cissna, A.	November mileage reimbursement	-68.20
Bill Pmt -Check	12/01/2017	8417	City of Arcata	October High Energy Use Tax	-4,839.22
Bill Pmt -Check	12/01/2017	8418	City of Blue Lake	October Utility User Tax	-669.99
Bill Pmt -Check	12/01/2017	8419	Dedini, Nicholas	Reimbursement for school kits	-41.16
Bill Pmt -Check	12/01/2017	8420	Jacobson, L.	PG&E Bootcamp Travel reimbursement	-125.65
Bill Pmt -Check	12/01/2017	8421	Mattio, B.	B. Mattio PG&E Bootcamp Training Reimbursement	-49.95
Bill Pmt -Check	12/01/2017	8422	Means, M.	December mileage & travel reimbursement	-120.80
Bill Pmt -Check	12/01/2017	8423	Owen, P.	P. Owen PG&E Bootcamp Training Reimbursement	-50.82
Bill Pmt -Check	12/01/2017	8424	PG&E CCA	CCE Data Charge	-920.00
Bill Pmt -Check	12/01/2017	8425	PG&E Utility Account	October utilities/lighting upgrade financing	-747.08
Bill Pmt -Check	12/01/2017	8426	SDRMA Dental	December Premium	-1,398.00
Bill Pmt -Check	12/01/2017	8427	The Party Place	Lighting Expo decorations.	-73.44
Bill Pmt -Check	12/01/2017	8428	City of Arcata	October Utility User Tax	-7,625.36
Bill Pmt -Check	12/01/2017	8429	Winzler, John	Office Lease - December	-4,223.00
Liability Check	12/02/2017	E-pay	EDD	499-0864-3 QB Tracking # 391253292	-3,394.23
Liability Check	12/02/2017	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 391253312	-18,770.48
Liability Check	12/02/2017	E-pay	EDD	499-0864-3 QB Tracking # 391253362	-192.73
ACH	12/04/2018	ACH	The Energy Authority	CAISO Invoice #20171130	-55,814.56
Bill Pmt -Check	12/05/2017	EFT	Staples Charge Account	November Statement Pt. 2	-258.94
Check	12/05/2017	8436	PG&E Contract Account:LGP	Overpayment refund	-1,034.76
Bill Pmt -Check	12/05/2017	8437	ABC Office Equipment	November print charges/service contract.	-599.51
Bill Pmt -Check	12/05/2017	8438	Baginski, Eli	November mileage reimbursement	-18.83
Bill Pmt -Check	12/05/2017	8439	Bishop, M.	November mileage	-66.47

Redwood Coast Energy Authority

Warrants Report

For the month of December 31, 2017

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	12/05/2017	8440	Boudreau, D.	Purchase reimbursement - recruitment posting	-20.00
Bill Pmt -Check	12/05/2017	8441	Burks, K.	November mileage	-190.63
Bill Pmt -Check	12/05/2017	8442	Chapman, R.	November mileage	-100.10
Bill Pmt -Check	12/05/2017	8443	Cissna, A.	November mileage reimbursement	-82.12
Bill Pmt -Check	12/05/2017	8444	City of Eureka-Water	Water service, 10/25/17-11/27/17	-141.78
Bill Pmt -Check	12/05/2017	8445	First Light Systems	Subcontractor labor	-12,768.99
Bill Pmt -Check	12/05/2017	8446	Green Ideals	Consulting for CCE program - October	-337.50
Bill Pmt -Check	12/05/2017	8447	Greenview Market	Greenview Market self-install rebate/Audit 4972.	-1,404.00
Bill Pmt -Check	12/05/2017	8448	Headwaters Fund - Interest	RCEA loan November 2017 Interest 3846000 800190	-2,916.67
Bill Pmt -Check	12/05/2017	8449	Hilson, D.	November mileage reimbursement	-30.17
Bill Pmt -Check	12/05/2017	8450	Means, M.	November mileage	-34.67
Bill Pmt -Check	12/05/2017	8451	North Coast Cleaning	November Cleaning Service	-402.00
Bill Pmt -Check	12/05/2017	8452	North Coast Journal	Recruitment advertising	-424.00
Bill Pmt -Check	12/05/2017	8453	NYLEX.net, Inc.	Move related network support services	-9.09
Bill Pmt -Check	12/05/2017	8454	PG&E EV Account	EV stations October	-250.04
Bill Pmt -Check	12/05/2017	8455	Pitney Bowes-Rental	November postage meter rental	-21.69
Bill Pmt -Check	12/05/2017	8456	Ponting, W.	November mileage reimbursement	-114.48
Bill Pmt -Check	12/05/2017	8457	Revolution Bicycles	Revolution Bicycles self-install rebate/Audit 4883	-465.00
Bill Pmt -Check	12/05/2017	8458	Ring's Pharmacy	Ring's Pharmacy self-install rebate/Audit 4605	-481.82
Bill Pmt -Check	12/05/2017	8459	Shasta Regional Transportation Agency	1st quarter 2017-2018	-155.90
Bill Pmt -Check	12/05/2017	8460	Sonoma County Office of Education	October 2017 Professional Services.	-150.00
Bill Pmt -Check	12/05/2017	8461	Stephenson, Nancy	December purchase reimbursement	-266.92
Bill Pmt -Check	12/05/2017	8462	Stitch Witch	Logo hats	-198.56
Bill Pmt -Check	12/05/2017	8463	Structure Design & Engineering, LLC.	Redwood Prep Charter School	-2,400.00
Bill Pmt -Check	12/05/2017	8464	Taketa, L.	November mileage reimbursement	-12.73
Bill Pmt -Check	12/05/2017	8465	Terry, P.	November mileage	-130.86
Bill Pmt -Check	12/05/2017	8466	Times-Standard	Legal Notice: Notices Inviting Bids.	-787.58
Bill Pmt -Check	12/05/2017	8467	Times Printing Company	Mailing notices	-1,703.33
Bill Pmt -Check	12/05/2017	8468	Neal A. Goodman	C&C Market self-install rebate/Audit 4835	-8,349.58
Check	12/07/2017	8471	EUC Assessment:Cahill, Pam	EUC Assessment	-500.00

Redwood Coast Energy Authority

Warrants Report

For the month of December 31, 2017

Type	Date	Num	Name	Memo	Amount
Check	12/07/2017	8472	EUC Assessment:Jones, Steve	EUC Assessment	-500.00
Check	12/07/2017	8473	EUC Assessment:Kimbell, Henry	EUC Assessment	-500.00
Paycheck	12/08/2017	8434	Paycheck	Payroll 11/16 - 11/30/17	-222.55
Paycheck	12/08/2017	8435	Paycheck	Payroll 11/16 - 11/30/17	-2,583.19
Paycheck	12/08/2017	12081701	Direct Deposit Payroll	Payroll 11/16 - 11/30/17	-40,446.60
ACH	12/11/2017	ACH	The Energy Authority	CAISO Invoice #20171206	-20,683.78
ACH	12/18/2017	ACH	The Energy Authority	CAISO Invoice #20171214	-63,560.00
ACH	12/18/2017	ACH	The Energy Authority	October 2017 Professional Services.	-3,657,717.26
Liability Check	12/19/2017	E-pay	EDD	499-0864-3 QB Tracking # 530619417	-3,215.09
Liability Check	12/19/2017	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 530629947	-18,302.44
Liability Check	12/19/2017	E-pay	EDD	499-0864-3 QB Tracking # 530630527	-199.69
Liability Check	12/20/2017	E-pay	EDD	499-0864-3 QB Tracking # 531102357	-255.19
Liability Check	12/20/2017	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 531102577	-989.10
ACH	12/20/2017	ACH	CalPine Energy Solutions	November 2017	-114,190.89
ACH	12/20/2017	ACH	Humboldt Redwood Company	November 2017 Biomass	-394,244.54
Paycheck	12/22/2017	8469	Paycheck	Payroll 12/1 - 12/15/17	-2,583.21
Paycheck	12/22/2017	8470	Paycheck	Payroll 12/1 - 12/15/17	-579.43
Paycheck	12/22/2017	122202	Direct Deposit Payroll	Payroll 12/1 - 12/15/17	-42,177.83
ACH	12/28/2018	ACH	The Energy Authority	CAISO Invoice #20171221	-215,681.61
Liability Check	12/29/2017	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 533737027	-236.07
Bill Pmt -Check	12/29/2017	7501	Recology	November garbage service	-85.40
Bill Pmt -Check	12/29/2017	7502	SDRMA Dental	January Premium	-1,491.82
Bill Pmt -Check	12/29/2017	7503	SDRMA Medical	January premium.	-22,971.72
Bill Pmt -Check	12/29/2017	7504	SHN Consulting	Testing at Bandera site.	-2,282.77
Bill Pmt -Check	12/29/2017	7505	St. Joseph Hospital	St. Joseph Annual Health, Wellness & Resources Fair	-9.50
Bill Pmt -Check	12/29/2017	7506	Stephenson, Nancy	Purchase & mileage reimbursements	-72.37
Bill Pmt -Check	12/29/2017	7507	The Ferndale Enterprise	Print advertising	-409.50
Bill Pmt -Check	12/29/2017	7508	Times Printing Company	CCE mailings	-3,197.55
Bill Pmt -Check	12/29/2017	7509	Verizon Wireless	Nov tablet/cell service for field staff/mobile broadband service.	-228.78
Bill Pmt -Check	12/29/2017	7510	Winzler, John	Office Lease - January	-4,223.00

Redwood Coast Energy Authority

Warrants Report

For the month of December 31, 2017

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	12/29/2017	7511	Old Growth Cellars	Old Growth Cellars self-install rebate/Audit 4975.	-590.00
Bill Pmt -Check	12/29/2017	7512	City of Arcata	November High Energy Use Tax	-12,570.63
Bill Pmt -Check	12/29/2017	7513	PG&E CCA	December CCE Charges	-27,416.84
Bill Pmt -Check	12/29/2017	7514	City of Arcata	City Hall self-install rebate/Audit 2640.	-800.00
Liability Check	12/29/2017	7515	Umpqua Bank	74-3104616	-558.04
Liability Check	12/29/2017	7516	Calvert	74-3104616	-16,908.84
Bill Pmt -Check	12/29/2017	7517	Platt/Rexel	Bulbs	-8,310.59
Bill Pmt -Check	12/29/2017	7518	Gelinas James, Inc.	Debrief training session.	-225.00
Bill Pmt -Check	12/29/2017	8474	AT&T	December Telephone Service	-544.21
Bill Pmt -Check	12/29/2017	8475	Bithell, M.	December purchase reimbursements	-203.84
Bill Pmt -Check	12/29/2017	8476	CalTrans	CalTrans self-install rebate/Audit 4168.	-320.00
Bill Pmt -Check	12/29/2017	8477	Central Office	Miscellaneous printing fees.	-276.82
Bill Pmt -Check	12/29/2017	8478	Citibank	October Statement 11/25/17	-253.13
Bill Pmt -Check	12/29/2017	8479	City of Arcata	November Utility User Tax	-14,867.76
Bill Pmt -Check	12/29/2017	8480	City of Blue Lake	November Utility User Tax	-1,590.54
Bill Pmt -Check	12/29/2017	8481	Diamond, Nancy	Lgal Services - November	-4,833.70
Bill Pmt -Check	12/29/2017	8482	Eureka Chamber of Commerce	2018 Membership Dues	-215.00
Bill Pmt -Check	12/29/2017	8483	Fischer, A.	Refreshments for holiday gathering.	-62.91
Bill Pmt -Check	12/29/2017	8484	Green Ideals	Consulting for CCE program - October	-300.00
Bill Pmt -Check	12/29/2017	8485	Greenview Market	Greenview Market self-install rebate/Audit 5046.	-1,287.00
Bill Pmt -Check	12/29/2017	8486	HCOE	Business cards	-84.00
Bill Pmt -Check	12/29/2017	8487	Humboldt Lighting, LLC.	Glasshouse Garden Supply self-install rebate/Audit 4613.	-8,985.90
Bill Pmt -Check	12/29/2017	8488	KHSU-FM	Radio Advertising Package	-230.00
Bill Pmt -Check	12/29/2017	8489	Krause Family Foundation	Initial funding invoice - 25% Leading Lights	-4,092.50
Bill Pmt -Check	12/29/2017	8490	Marshall, M.	Marshall Travel: Sacramento CCA Meeting	-226.72
Bill Pmt -Check	12/29/2017	8491	Mattio, B.	November mileage reimbursement	-11.24
Bill Pmt -Check	12/29/2017	8492	McMahon, J.	December mileage	-25.36
Bill Pmt -Check	12/29/2017	8493	Mission Uniform & Linen	Janitorial/mat services	-128.14
Bill Pmt -Check	12/29/2017	8494	NYLEX.net, Inc.	Onsite network support services - Nov & Dec	-2,000.00
Bill Pmt -Check	12/29/2017	8495	Owen, P.	November mileage reimbursement.	-72.76

Redwood Coast Energy Authority**Warrants Report****For the month of December 31, 2017**

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	12/29/2017	8496	Pacific Union School Dist	Audit rebates	-2,650.00
Bill Pmt -Check	12/29/2017	8497	PG&E CCA	RCEA share of printing costs	-1,237.50
Bill Pmt -Check	12/29/2017	8498	PG&E EV Account	EV stations November	-209.57
Bill Pmt -Check	12/29/2017	8499	Pierson's Home Ctr	Miscellaneous supplies	-17.52
Bill Pmt -Check	12/29/2017	8500	Platt/Rexel	VOID: Bulbs	0.00
					-4,864,279.27

Redwood Coast Energy Authority

Visa

As of December 31, 2017

<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
12/01/2017	Square	Card Reader Fee	20.00
12/16/2017	U-Verse	December DSL 11/9 - 12/8/16	95.89
12/25/2017	Uberconference	Conference call subscription	11.06
			<u>126.95</u>



STAFF REPORT

Agenda Item # 3.3

AGENDA DATE:	February 26, 2018
TO:	Board of Directors
PREPARED BY:	Steve Edmiston, Director of Power Resources and Matthew Marshall, Executive Director
SUBJECT:	Financial Reports

SUMMARY

The overall RCEA Budget is on track for the fiscal year to date. Some items of note:

- Overall revenue is on track for the year-to-date, with electricity sales retail revenue at approximately 48% of the budget forecast.
- Wholesale power supply costs are at 46% of the budget forecast, however the final power supply costs for 2017 will increase above the current total due to the timing of the settlement process for some of RCEA's renewable energy purchases along with some additional adjustments from the CA Independent System Operator (CAISO) load/cost true-up process, which occurs over a several-month period.
- All other operating costs besides wholesale power supply are at 46% of the annual budget amount.
- As noted last month, to manage cashflow during the first months of CCA operation staff has delayed making internal transfers from the operating account into the reserve account. But overall net revenue for the year-to-date is currently at 64% of the annual budget target.

At the Board meeting staff will provide a mid-year budget review presentation.

STAFF RECOMMENDATION

Accept Financial Reports

ATTACHMENTS:

December Financial Reports

Redwood Coast Energy Authority

Balance Sheet

As of December 31, 2017

	Dec 31, 17
ASSETS	
Current Assets	
Checking/Savings	
1075 · Umpqua Reserve Account 2300	1,000,890.62
1070 · Umpqua Deposit Cntrl Acct 1687	2,545,047.22
1062 · Chase DD Checking	25.00
1060 · Umpqua Checking-9271	694,694.53
1000 · COUNTY TREASURY 3839	4,207.73
1010 · Petty Cash	414.35
1050 · GRANTS & DONATIONS 3840	15,037.26
Total Checking/Savings	4,260,316.71
Accounts Receivable	
1100 · Accounts Receivable	277,186.77
Total Accounts Receivable	277,186.77
Other Current Assets	5,927,940.68
Total Current Assets	10,465,444.16
Fixed Assets	
1500 · Fixed Asset	93,591.39
1600 · Accumulated depreciation	-48,608.00
Total Fixed Assets	44,983.39
Other Assets	504,100.00
TOTAL ASSETS	11,014,527.55
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	168,356.41
Total Accounts Payable	168,356.41
Credit Cards	2,930.22
Other Current Liabilities	
2001 · Accounts Payable-Other	5,688,242.84
2100 · Payroll Liabilities	63,535.42
2210 · Retentions Payable	1,208.96
Total Other Current Liabilities	5,752,987.22
Total Current Liabilities	5,924,273.85
Long Term Liabilities	
2700 · Long-Term Debt	
2701 · Lighting Upgrade	6,520.63
2702 · Headwaters Credit Line	700,000.00
Total 2700 · Long-Term Debt	706,520.63
Total Long Term Liabilities	706,520.63
Total Liabilities	6,630,794.48
Equity	

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Redwood Coast Energy Authority

Balance Sheet

As of December 31, 2017

	Dec 31, 17
2320 · Investment in Capital Assets	38,462.75
3900 · Fund Balance	367,695.02
Net Income	3,977,575.30
Total Equity	4,383,733.07
TOTAL LIABILITIES & EQUITY	11,014,527.55

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July through December 2017

	<u>Jul - Dec 2017</u>	<u>Budget</u>	<u>% of Budget</u>
Income			
Total Revenue - government agencies	143,697	268,835	53%
Total Revenue - program related sales	27,032	15,000	180%
Total Revenue-nongovernment agencies	774,602	1,570,364	49%
Electricity Sales Revenue			
Electricity Sales - Retail Revenue	22,652,332	46,735,993	48%
Electricity Sales - Uncollectable Accounts	(67,957)	(140,208)	48%
Total Electricity Sales Revenue	<u>22,584,375</u>	<u>46,595,785</u>	<u>48%</u>
Total Income	<u>23,529,706</u>	<u>48,449,983</u>	<u>49%</u>
Expense			
WHOLESALE POWER SUPPLY			
CAISO			
Total CAISO Energy	862,035	5,336,455	16%
Total CAISO Non-Energy Charges	508,419	1,830,563	28%
Total CAISO	<u>1,370,454</u>	<u>7,167,018</u>	<u>19%</u>
Bilateral Activity			
Resource Adequacy	870,131	2,572,007	34%
Energy Hedges Notional Value	11,239,791	19,298,480	58%
Low Carbon Settlements	103,772	518,145	20%
Total Bilateral Activity	<u>12,213,694</u>	<u>23,106,420</u>	<u>53%</u>
Local Power Purchase Agreements			
Humboldt Redwood Company	2,594,928	4,862,651	53%
Total Local Power Purchase Agreements	<u>2,594,928</u>	<u>4,862,651</u>	<u>53%</u>
TOTAL WHOLESALE POWER SUPPLY	<u>16,179,076</u>	<u>35,136,090</u>	<u>46%</u>
 PERSONNEL EXPENSES	 1,044,493	 2,506,578	 42%
 FACILITIES AND OPERATIONS	 66,870	 232,976	 29%
 COMMUNICATIONS AND OUTREACH	 43,330	 200,041	 22%
 TRAVEL AND MEETINGS	 14,319	 48,617	 29%
 PROFESSIONAL AND PROGRAM SERVICES			
Contracts - Program Related Services	37,649	242,029	16%
Wholesale Services - TEA	282,498	567,821	50%
Procurement Credit - TEA	381,432	725,576	53%
Data Management - Calpine	537,456	921,508	58%
Regulatory	-	25,000	0%
Accounting	15,000	45,000	33%
Legal	23,372	85,000	27%
PROFESSIONAL AND PROGRAM SERVICES	<u>1,277,406</u>	<u>2,611,934</u>	<u>49%</u>

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
 July through December 2017

	<u>Jul - Dec 2017</u>	<u>Budget</u>	<u>% of Budget</u>
PROGRAM EXPENSES	624,730	965,897	65%
INCENTIVES AND REBATES	274,248	460,000	60%
NON OPERATING COSTS	27,658	65,610	42%
Total Expense	<u>19,552,131</u>	<u>42,227,742</u>	<u>46%</u>
RESERVE REQUIREMENT CONTRIBUTIONS	<u>1,000,000</u>	<u>6,000,000</u>	<u>17%</u>
Net Income	<u><u>2,977,576</u></u>	<u><u>222,241</u></u>	<u><u>1340%</u></u>
<i>TOTAL Net Income and Reserve Contributions</i>	3,977,576	6,222,241	64%

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REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 5.1

AGENDA DATE:	February 26, 2018
TO:	Board of Directors
PREPARED BY:	Lori Taketa, Nancy Stephenson
SUBJECT:	Community Advisory Committee Appointments, At-Large Candidate Evaluation Subcommittee

BACKGROUND

At the January RCEA Board meeting, Dennis Leonardi was appointed to fill the Ferndale vacancy on the Community Advisory Committee, and Director Michael Sweeney was appointed as the Board's liaison.

Since January, Board Chair Sheri Woo has nominated Craig Mitchell to fill the Humboldt Bay Municipal Water District's seat. Craig is a Humboldt State University undergraduate studying Environmental Resources Engineering with a focus on renewable energy resources. His past active duty with the U.S. Coast Guard as a marine electrician and completion of the College of the Redwoods' Photovoltaic Technician Certification course uniquely qualify him for Committee participation. His remaining two years of study at HSU will allow him to commit to the CAC for a full 2-year term.

Board Member Estelle Fennel also nominated former CAC member Matty Tittman to serve for the CAC's County 2 seat. Matty expressed willingness to continue to represent Southern Humboldt's perspective on the Committee.

Current Community Advisory Committee:

- Eureka: *vacant*
- Arcata: Norman Bell
- Fortuna: *vacant*
- Rio Dell: *vacant*
- Ferndale: Dennis Leonardi
- Blue Lake: Kit Mann
- Trinidad: Richard Johnson
- HBMWD: *vacant* – *Nominee: Craig Mitchell*
- County 1: Luna Latimer (Orleans - Eastern Humboldt)
- County 2: *vacant* (ideally Southern Humboldt) – *Nominee: Matty Tittman*
- County 3: *vacant* (ideally McKinleyville)
- Four at-large: *vacant*

Recruitment efforts for the four at-large vacancies have so far included posts on the RCEA website and Facebook page, a widely-distributed press release, regular radio announcements and an after work informational event at Humboldt Bay Provisions. Interested residents are beginning to submit applications and staff would like to continue recruitment efforts. To streamline the selection process, staff recommends creating an ad-hoc subcommittee to review applications and recommend appointees prior to subsequent Board meetings. Suggested selection criteria could include:

- Diverse geographic residency/representation within Humboldt County.
- Demonstrated ability to communicate with others and an interest in participating in future public engagement.
- Participation in any energy-related groups, or an interest in acquiring a deeper understanding of local energy programs.
- Interest, activity, or experience in other community groups or experience holding leadership positions.

STAFF RECOMMENDATIONS

Appoint Craig Mitchell to the Humboldt Bay Municipal Water District seat and reappoint Matty Tittman to the County 2 (Southern Humboldt) seat on the CAC.

Establish ad-hoc CAC at-large candidate Board subcommittee to review and recommend applicants to fill the four at-large vacancies.



REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 6.1

AGENDA DATE:	February 23, 2018
TO:	Board of Directors
PREPARED BY:	Steven Edmiston, Director of Finance and Human Resources
SUBJECT:	Audit Report for the fiscal year ended June 30, 2016

BACKGROUND

Attached are the audited financial statements for the fiscal year ended June 30, 2016, as well as the Independent Auditor's Report thereon by David L. Moonie & Co. The report includes an unqualified opinion.

Staff and the independent auditors anticipate completion of the FY2016-17 audit by the end of the current fiscal year. Going forward, the board can expect the annual audited financial statements presented at its November board meetings.

RECOMMENDED ACTION

Accept and approve the audited financial statements for the fiscal year ended June 30, 2016, and the corresponding Independent Auditor's Report.

ATTACHMENTS:

Redwood Coast Energy Authority financial statements for the year ended June 30, 2016, with Independent Auditor's Report.

NOTE: The FY 2015-16 audit report begins on page 56 of the agenda packet available at <https://redwoodenergy.org/about/board-of-directors/>.

Materials Submitted
After Packet
Publication

REDWOOD COAST ENERGY AUTHORITY
County of Humboldt

FINANCIAL STATEMENTS

Year Ended June 30, 2016

With

INDEPENDENT AUDITOR'S REPORT

REDWOOD COAST ENERGY AUTHORITY

TABLE OF CONTENTS

June 30, 2016

Page
Number

INTRODUCTION SECTION

Title Page
Table of Contents

FINANCIAL SECTION

Independent Auditor's Report on Financial Statements 1

Management's Discussion and Analysis 4a

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position 5

Statement of Activities 6

Fund Financial Statements:

Balance Sheet - Governmental Funds 7

Reconciliation of the Governmental Fund Balance
Sheet to the Statement of Net Position 8

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Funds 9

Reconciliation of the Governmental Fund Statement of
Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities 10

Notes to Financial Statements 11

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual - General Fund 24

REDWOOD COAST ENERGY AUTHORITY

TABLE OF CONTENTS - CONTINUED

June 30, 2016

SUPPLEMENTARY INFORMATION

Organization	25
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	26
Findings and Recommendations	28
RCEA's Corrective Action Plan	34
Status of Prior Year Findings	38

John R. Goff, CPA
Mark G. Wetzel, CPA
Michael R. Cline, CPA



DAVID L. MOONIE & CO., LLP
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Matthew J. Hague, CPA

REDWOOD COAST ENERGY AUTHORITY
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
Redwood Coast Energy Authority
633 3rd Street
Eureka, California 95501

We have audited the accompanying financial statements of the governmental activities and the general fund of the Redwood Coast Energy Authority ("RCEA") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise RCEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

REDWOOD COAST ENERGY AUTHORITY
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS -
CONTINUED

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of RCEA as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4a through 4d and 24 be presented to supplement the basic financial statements. Such information, 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.

REDWOOD COAST ENERGY AUTHORITY
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS -
CONTINUED

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RCEA's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Organization schedule included in supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2018, on our consideration of RCEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RCEA's internal control over financial reporting and compliance.

David L. Morris & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS
Eureka, California
February 22, 2018

Year Ending June 30, 2016

Redwood Coast Energy Authority (RCEA) was formed in 2003 as a Joint Powers Authority (JPA) of the seven incorporated cities of Humboldt County, California (the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Trinidad and Rio Dell), and the County of Humboldt, with the subsequent addition of Humboldt Bay Municipal Water District. As a JPA, RCEA is governed by a nine member board representing each jurisdiction.

The mission of RCEA is to develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the region.

To accomplish this mission, during the year ending June 30, 2016 RCEA employed seventeen full-time staff (Executive Director, Operations Manager, Office Manager, Program Manager, Business Manager, six Energy Specialists, four Energy Technicians, and two Program Assistants). RCEA also employed numerous student interns and serves as a placement site for AmeriCorps members.

All of RCEA's funding comes from contracts and grants, generally bringing resources to Humboldt County that would not otherwise be available. The operating budget for the year ending June 30, 2016 was approximately \$2.4 million. Funding sources during the year included:

- A contract with Pacific Gas & Electric Company (PG&E) to promote energy efficiency through a local government partnership known as the Redwood Coast Energy Watch.
- Contracts with local educational agencies to help plan and implement energy efficiency and clean energy projects using Proposition 39 funding.
- Contracts with the California Energy Commission for regional alternative fuels planning and electric vehicle charging infrastructure.
- Smaller contracts with the Schatz Energy Research Center, West Coast Watershed, Runyon Saltzman Einhorn.

The assets of RCEA exceeded its liabilities by \$806,033 at June 30, 2016. Of this amount, \$638,783 are unrestricted and may be used to meet RCEA ongoing program needs.

RCEA's total net position increased by \$1,581 during the year ending June 30, 2016. The increase is the result of program revenues exceeding program expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the RCEA's basic financial statements. RCEA's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government Wide Financial Statements

The *government wide financial statements* are designed to provide readers with a broad overview of RCEA's finances, in a manner similar to a private-sector business and are presented on the full accrual basis.

The *statement of net position* presents information on all of RCEA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of RCEA is improving or deteriorating.

The *statement of activities* presents information showing how RCEA's net position changed during the year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. RCEA, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. RCEA's sole fund is the general fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. Governmental fund financial statements focus on near term inflows and outflows of current financial resources, as well as on balances of current financial resources available at the end of the fiscal year. This information is useful in evaluating RCEA's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of RCEA's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the full accrual government wide financial statements. As a single purpose government, RCEA has chosen to present the two types of reporting on the same statement, with reconciling amounts provided.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements.

Government Wide Financial Statements Analysis

Condensed Statement of Net Position

June 30,	2016	2015
Assets		
Current assets	\$ 838,589	\$ 1,074,091
Capital assets, net of accumulated depreciation	173,772	85,547
Total Assets	1,012,361	1,159,638
Liabilities		
Current liabilities	206,328	355,186
Total net position	\$ 806,033	\$ 804,452

Changes in Net Position

Year ended June 30,	2016	2015
Revenues		
Program revenues:		
Contract	\$1,999,194	\$3,256,018
Other income	18,783	19,091
General revenues- investment income	1,005	965
Total revenues	2,018,982	3,276,074
Expenditures		
Salaries and employee benefits	1,110,609	1,060,791
Services and supplies	881,854	2,055,054
Net depreciation	24,938	11,488
Total expenditures	2,017,401	3,127,333
Increase in net position	1,581	148,741
Net position – beginning of year	804,452	655,711
Net position – end of year	\$ 806,033	\$ 804,452

RCEA revenues are primarily received on a reimbursement basis. The decrease in revenue from the year ending June 30, 2015 to the year ending June 30, 2016 was the result of a decrease in program activities. Similarly, the decrease in expenses for the year ending in June 30, 2016 is due primarily to a decrease in program activities.

Government Fund Financial Analysis

The general fund is the sole fund of RCEA. As a measure of the general fund's reserves, it may be useful to compare unreserved fund balance and total fund expenditures. Unreserved fund balance at the end of June 30, 2016 and 2015 represents 30.5% and 21.8% of total fund expenditures for the respective years.

Budgetary highlights

The original budget for the fiscal year was adopted at the June 29, 2015, meeting of Board of Directors. Subsequent amendments were adopted January 11, 2016. A detail *statement of revenues, expenditures, and changes in fund balance – budget and actual – general fund* is presented as a part of the *government wide financial statements*. A summary of the budget variance for the fiscal year ended June 30, 2016, is as follows:

	Budgeted Amounts	Actual	Variance From Budget - Favorable (Unfavorable)
Total revenues	\$ 2,364,048	\$ 2,018,982	\$ (345,066)
Program expenditures	\$ 2,042,140	\$ 1,409,246	\$ 632,894
Implementation expenditures	355,908	698,288	(342,380)
Total expenditures	\$ 2,398,048	\$ 2,107,534	\$ 290,514
Excess of revenues over expenditures	\$ (34,000)	\$ (88,552)	\$ (54,552)

The primary variance in budgeted expenditures versus actual expenditures is due to savings in salaries and employee benefits amounting to \$94,091 and other program expenditures of \$196,423.

Economic Factors and Subsequent Year's Budget and Rates

For the year ended June 30, 2017 the following factors affect RCEA's finances:

- The continuing implementation of the Energy Watch program and the Proposition 39 program.
- Continuing activities related to alternative fuels and electric vehicle charging infrastructure funded by the California Energy Commission.
- The development and launch of a Community Choice Aggregation Program for Humboldt County, which in May 2017 began providing electricity generation service to customers in partnership with PG&E.

These factors were considered in preparing RCEA's budget for the year ending June 30, 2017.

Requests for Information

This financial report is designed to provide a general overview of RCEA's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Redwood Coast Energy Authority, 633 Third Street, Eureka, California 95501.

REDWOOD COAST ENERGY AUTHORITY

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 201,420
Accounts receivable (net of allowance of \$7,261)	531,993
Prepaid expenses	45,305
Inventory	55,771
Security deposit	4,100
Invested in capital assets, net of depreciation	173,772
Total Assets	<u>1,012,361</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,012,361</u></u>
LIABILITIES	
Accounts payable	\$ 102,187
Accrued wages payable	39,459
Accrued vacation payable	36,473
Accrued workers compensation payable	2,058
Retentions payable	19,629
Long-term liabilities:	
Due within one year	1,908
Due in more than one year	4,614
Total Liabilities	<u>206,328</u>
DEFERRED INFLOWS OF RESOURCES	
Total deferred inflows of resources	<u>-</u>
NET POSITION	
Net investment in capital assets	167,250
Unrestricted	<u>638,783</u>
Total Net Position	<u><u>\$ 806,033</u></u>

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2016

		<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>change in</u> <u>Net Position</u>
	<u>Expenses</u>	<u>Charges</u> <u>For</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities				
Grants and program services	\$ 1,407,338	\$ 13,783	\$ 2,004,194	\$ 610,639
Implementation expenses:				
Administrative	<u>610,063</u>			<u>(610,063)</u>
Total governmental activities	<u>\$ 2,017,401</u>	<u>\$ 13,783</u>	<u>\$ 2,004,194</u>	<u>\$ 576</u>
General revenues:				
Interest and investment earnings				<u>\$ 1,005</u>
Total general revenues				<u>1,005</u>
Change in net position				1,581
Net position, beginning				<u>804,452</u>
Net position, ending				<u>\$ 806,033</u>

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	<u>General Fund</u>
ASSETS	
Cash	\$ 201,420
Accounts receivable (net of allowance of \$7,261)	531,993
Prepaid expenses	45,305
Inventory	55,771
Security deposit	4,100
Total Assets	<u>838,589</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 838,589</u></u>
LIABILITIES	
Accounts payable	\$ 102,187
Accrued wages payable	39,459
Accrued workers compensation payable	2,058
Retentions payable	19,629
Accrued vacation payable	36,473
Total Liabilities	<u>199,806</u>
DEFERRED INFLOWS OF RESOURCES	
Total deferred inflows of resources	<u>-</u>
FUND BALANCES	
Nonspendable	101,076
Unassigned	537,707
Total Fund Balance	<u>638,783</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 838,589</u></u>

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2016

Total fund balances - governmental fund balance sheet	\$ 638,783
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Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital and intangible assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, intangible assets, accumulated depreciation and accumulated amortization.

Capital assets at historical cost	\$ 236,690	
Accumulated depreciation and amortization	<u>(62,918)</u>	
Net		173,772

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities are reported, including long-term liabilities.

Note payable	<u>(6,522)</u>
Total Net Position, Governmental Activities	<u><u>\$ 806,033</u></u>

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS

For The Year Ended June 30, 2016

	General Fund
Revenues:	
Contract revenue	\$ 1,999,194
Grant revenue	5,000
Other income	13,783
Investment income	1,005
Total Revenues	<u>2,018,982</u>
Expenditures:	
Program expenditures:	
Direct install subcontractor labor	205,231
Direct install hardware and materials	136,232
Direct incentive and rebate payments	1,322
Salaries and employee benefits	751,497
Program related services	314,964
Total Program Expenditures	<u>1,409,246</u>
Administrative expenditures:	
Salaries and employee benefits	359,112
Professional services	66,201
Travel and training	18,528
Bank charges	715
Office supplies and expense	41,367
Rent	49,200
Janitorial	6,081
Facility expense	3,448
Utilities	9,149
Meeting expense	6,110
Insurance	9,156
Dues and membership	3,842
Capital outlay	113,163
Debt service - principal	1,908
Advertising	10,308
Total Administration Expenditures	<u>698,288</u>
Total Expenditures	<u>2,107,534</u>
Excess of Revenues Over (Under) Expenditures	<u>(88,552)</u>
Other financing sources (uses):	
Proceeds from debt	-
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(88,552)</u>
Fund Balance at Beginning of Year	<u>727,335</u>
Fund Balance at End of Year	<u><u>\$ 638,783</u></u>

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2016

Total changes in fund balances, governmental funds \$ (88,552)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	\$ 113,163	
Depreciation and amortization expense	<u>(24,938)</u>	
Net		88,225

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

Payment of debt principal	<u>1,908</u>
Changes In Net Position, Governmental Activities	<u><u>\$ 1,581</u></u>

The accompanying notes are an integral part of this statement.

REDWOOD COAST ENERGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Redwood Coast Energy Authority ("RCEA") is a joint powers authority formed in 2003 under Health and Safety Code Section 6500 to develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the Humboldt County region of California. The member agencies of RCEA are the County of Humboldt, the Humboldt Bay Municipal Water District, the cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad. RCEA is governed by a Board of Directors comprised of representatives of the member agencies.

The California Public Utilities Commission ("CPUC") and the Local Government Commission ("LGC"), a California not-for-profit membership organization, have undertaken a pilot project to encourage the formation of regional organizations such as RCEA to promote energy efficiency, conservation and increased local self-reliance. The CPUC has made funds available to the LGC to help local governments establish and operate agencies such as RCEA. Funds are collected from rate payers by Pacific Gas and Electric ("PG&E") and distributed to RCEA in accordance with the objectives of this project.

B. Fund Accounting

The accounts of RCEA are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. RCEA maintains one fund to account for the activity of the Redwood Coast Energy Authority.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

Major Governmental Funds:

The General Fund is the general operating fund of RCEA. It is used to account for all financial resources except those required to be accounted for in a separate fund.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of RCEA's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. RCEA does not allocate indirect expenses in the statement of activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about RCEA's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Any remaining funds are aggregated and reported as nonmajor funds.

2. Measurement Focus, Basis of Accounting

Government-wide Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which RCEA gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

RCEA considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include contracts and grants from the California Energy Commission, the County of Humboldt, Ecology Action, and Pacific Gas and Electric Company.

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue.

Deferred Inflows and Outflows of Resources:

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until that future period.

Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that future period.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

When RCEA incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is RCEA's policy to use restricted resources first, then unrestricted resources.

D. Budget and Budgetary Accounting

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the Government Code and other statutory provisions, commonly known as the County Budget Act, RCEA prepares and legally adopts a budget for the General Fund on or before August 30 for each fiscal year.

The budget is revised by RCEA during the year to give consideration to unanticipated income and expenditures. The original and final budgets are presented for the General Fund.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

1. Deposits and Investments

RCEA maintains 59 percent of its cash in the Humboldt County Treasury. The County pools these funds with those of other governmental entities in the County and invests the cash. These pooled funds are carried at cost which approximates market value.

Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The Humboldt County Treasury had no investments in derivatives. RCEA does not have a specific policy which relates to interest rate risk.

2. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

RCEA has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. RCEA has chosen to report the expenditures when incurred.

3. Program Revenues and Accounts Receivable

Program revenues include contract revenue and operating grants earned from other governmental agencies and not-for-profits.

Accounts receivable represent program revenues which have been earned for which the related cash has not been received. Management has determined and recorded an allowance for uncollectible accounts in the amount of \$7,261 as of June 30, 2016.

4. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. RCEA's policy is to capitalize assets with an initial cost of more than \$2,000 and an estimated useful life in excess of two years. Capital assets are depreciated using the straight-line method over estimated useful lives between 5 to 20 years.

5. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until that future period. RCEA had no items that qualified for reporting in this category as of June 30, 2016.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that future period.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

RCEA had no items that qualified for reporting in this category as of June 30, 2016.

6. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of RCEA. The current portion of the liabilities is recognized in the General Fund at year-end. Accumulated sick leave benefits are not recognized as liabilities of RCEA. RCEA's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable.

7. Fund Balance Reserves and Designation

As of June 30, 2016, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of RCEA's Governing Board. RCEA's Governing Board is the highest level of decision-making authority for RCEA. Commitments may be established, modified, or rescinded only through resolutions approved by the Governing Board.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under RCEA's adopted policy, only the Governing Board may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, RCEA considers restricted funds to have

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, RCEA considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless RCEA's Governing Board has provided otherwise in its commitment or assignment actions.

As of June 30, 2016, fund balances were composed of the following:

	<u>General Fund</u>
Nonspendable:	
Prepaid expenses	\$ 45,305
Inventories	55,771
Total Nonspendable	<u>101,076</u>
Unassigned:	
Other unassigned	537,707
Total Unassigned	<u>537,707</u>
Total Fund Balance	<u><u>\$ 638,783</u></u>

8. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by RCEA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. RCEA first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. New Governmental Accounting Standards Board (GASB) Standards

GASB Statement no. 72 - In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. RCEA has implemented GASB Statement No. 72 for the year ended June 30, 2016. Implementation of GASB No. 72 did not have a significant impact on the financial statements.

2. Cash and Investments

All cash held by the financial institutions is fully insured or collateralized. Cash in banks at June 30, 2016 consisted of the following:

	Reported Amount	Bank Balance
Umpqua Bank	27,416	\$ 151,374
Chase Bank	54,613	6,613
Total	<u>\$ 82,029</u>	<u>\$ 157,987</u>

The bank balance is the balance prior to adjustment for items that had not yet cleared the bank as of June 30, 2016.

Fair Value Measurements

RCEA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

Level 1 - inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs include:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical assets or liabilities in inactive markets;
- c) Inputs other than quoted prices that are observable for the asset or liability;

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

- d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are significant unobservable inputs.

As of June 30, 2016, RCEA held no individual investments. RCEA's fair value measurements were as follows at June 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level</u>
Pooled Cash in County Treasury	<u>\$ 119,246</u>	<u>2</u>

RCEA has not recorded fair value adjustments in the basic financial statements as they were determined to be immaterial to RCEA.

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The County Treasurer's investments consist of 70.82 percent federal agencies, 25.37 percent money markets, 0.59 percent municipal bonds, 1.76 percent treasury coupons, and 1.46 percent certificates of deposit. The S & P credit ratings for these investments include AAA, AA, A+e, and Ae, and non-rated for certificates of deposit and the California State Treasurer's local agency investment fund.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, RCEA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of a failure of the counter party (e.g., broker-dealer) to a transaction, RCEA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the California Government Code nor the County's investment policy contains legal or policy requirements that would limit RCEA's exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2016, none of RCEA's deposits were exposed to custodial credit risk.

Interest Rate Risk – Investments

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the Humboldt County Treasurer manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of its portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity of operations. The weighted average maturity of the Humboldt County Treasurer's investments is 815 days.

Concentration of Credit Risk

The investment policy of RCEA contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represented 5 percent or more of total County investments at June 30, 2016.

3. Receivables

Receivables at June 30, 2016 consisted of the following:

	<u>General Fund</u>
California Energy Commission	\$ 219,851
EUC Assessment	200
Local Government Commission	9,336
Pacific Gas and Electric Company	157,123
Retentions	73,376
Proposition 39 School Districts	54,913
West Coast Watershed	17,194
Total	<u>\$ 531,993</u>

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

Retentions are due upon completion of the projects. RCEA expects to collect all retentions.

4. Capital Assets

Capital asset activity for the period ended June 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
<i>Capital assets being depreciated</i>				
Leasehold Improvements	\$ 27,937			\$ 27,937
Equipment	65,654	\$ 143,099		208,753
Work in Process	29,936		\$ 29,936	-
Total capital assets being depreciated	<u>123,527</u>	<u>143,099</u>	<u>29,936</u>	<u>236,690</u>
Less: Accumulated depreciation for:				
Leasehold Improvements	(3,261)	(1,397)		(4,658)
Equipment	(34,719)	(23,541)		(58,260)
Total accumulated depreciation	<u>(37,980)</u>	<u>(24,938)</u>	<u>-</u>	<u>(62,918)</u>
Capital assets being depreciated, net	<u>85,547</u>	<u>118,161</u>	<u>29,936</u>	<u>173,772</u>
Governmental activities capital assets, net	<u>\$ 85,547</u>	<u>\$ 118,161</u>	<u>\$ 29,936</u>	<u>\$ 173,772</u>

For the year ended June 30, 2016, depreciation expense was \$24,938.

5. Risk Management

RCEA is covered for general business, liability, automobile, and errors and omissions through the Special Districts Risk Management Authority ("SDRMA"), a public entity risk pool. As a member of a public entity risk pool, RCEA is responsible for appointing an employee as a liaison between RCEA and SDRMA, implementing all policies of the SDRMA, and promptly paying all contributions. SDRMA is responsible for providing insurance coverage as agreed upon, assisting RCEA with implementation, providing claims adjusting, and defending any civil action brought against an officer of RCEA.

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

6. Excess of Expenditures Over Appropriations

Excesses of expenditures over appropriations in individual funds for the year ending June 30, 2016 are as follows:

	<u>Excess Expenditures</u>
Salaries and employee benefits - administrative	\$ 359,112
Travel and training	1,528
Insurance	756
Dues and membership	342
Advertising	308
Debt service - principal	1,908

7. Retirement Plan

RCEA has established a Savings Incentive Match Plan for employees (a "Simple IRA") where RCEA and employees make contributions to individual retirement accounts ("IRAs"). Under the Simple IRA, RCEA must make contributions matching participating employee contributions, up to a maximum of 3 percent of an employee's gross salary per year. Employees may contribute up to the maximum federally allowed amount. All regular employees of RCEA are eligible to participate in the Simple IRA plan. Plan contributions by RCEA for the year ended June 30, 2016 were \$19,570.

8. Long-Term Obligations

RCEA obtained a loan with PG&E in January 2014 for energy upgrades in the amount of \$10,974 at 0 percent interest for 69 months. Future payments obligations are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>
2017	\$ 1,908
2018	1,908
2019	1,908
2020	798
Totals	<u>\$ 6,522</u>

REDWOOD COAST ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

9. Line of Credit

RCEA maintains an unsecured line of credit through Umpqua Bank with a credit limit of \$75,000 and an interest rate of 5 percent. As of June 30, 2016, this line of credit had a zero balance.

10. Lease of Real Property

RCEA entered into a 23 month lease for its facility as of May 1, 2013, with monthly payments of \$4,100. The lease was renewed in 2014/15 for an additional 12 months, with monthly payments of \$4,100. Total rent expense was \$49,200 for the year ended June 30, 2016. Future lease commitments are \$49,200 for the year ending June 30, 2017.

11. Concentrations and Contingencies

RCEA receives the majority of its funding through a contract with PG&E to provide energy efficient programs. For the year ended June 30, 2016, this amount represented 64 percent of total revenue. As of June 30, 2016 accounts receivable from PG&E were \$157,123.

12. Subsequent Events

In October 2016, RCEA obtained a \$700,000 unsecured, non-revolving line of credit with a 5% interest rate, 1% underwriting fee, and 72 month term to assist in the launch of the Community Choice Aggregation program.

In December 2016, RCEA approved a revised salary schedule significantly increasing employee wages. The unadjusted and unaudited salaries and employee benefits expense for 2016/17 is \$1,532,178, representing an increase of \$421,569 (38%) over 2015/16 audited salaries and employee benefits expense.

The budget for 2016/17 anticipates a net operating deficit of \$718,546.

REQUIRED SUPPLEMENTARY INFORMATION

REDWOOD COAST ENERGY AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Non-government agencies	\$1,454,150	\$1,554,150	\$ 1,359,696	\$ (194,454)
Government agencies	792,198	792,198	639,498	(152,700)
Foundation trusts/grants	-	-	5,000	5,000
Other income	17,500	17,500	13,783	(3,717)
Investment income	200	200	1,005	805
Total Revenues	<u>2,264,048</u>	<u>2,364,048</u>	<u>2,018,982</u>	<u>(345,066)</u>
Expenditures:				
Program expenditures -				
Direct install, incentives, and rebates	359,000	359,000	342,785	16,215
Salaries and employee benefits	1,204,700	1,204,700	751,497	453,203
Contracts - program related services	478,440	478,440	314,964	163,476
Total Program Expenditures	<u>2,042,140</u>	<u>2,042,140</u>	<u>1,409,246</u>	<u>632,894</u>
Implementation expenditures -				
Administrative expenditures:				
Salaries and employee benefits	-	-	359,112	(359,112)
Professional services	45,000	70,000	66,201	3,799
Travel and training	17,000	17,000	18,528	(1,528)
Bank charges	900	900	715	185
Office supplies and expense	46,300	50,300	41,367	8,933
Rent	49,200	49,200	49,200	-
Janitorial	6,500	6,500	6,081	419
Facility expense	4,700	4,700	3,448	1,252
Utilities	10,000	10,000	9,149	851
Meeting expense	6,500	6,500	6,110	390
Insurance	8,400	8,400	9,156	(756)
Dues and membership	4,500	3,500	3,842	(342)
Capital outlay	118,908	118,908	113,163	5,745
Advertising	10,000	10,000	10,308	(308)
Debt service - principal	-	-	1,908	(1,908)
Total Implementation Expenditures	<u>327,908</u>	<u>355,908</u>	<u>698,288</u>	<u>(342,380)</u>
Total Expenditures	<u>2,370,048</u>	<u>2,398,048</u>	<u>2,107,534</u>	<u>290,514</u>
Excess of Revenues Over (Under) Expenditures	<u>(106,000)</u>	<u>(34,000)</u>	<u>(88,552)</u>	<u>(54,552)</u>
Other financing sources (uses):				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(106,000)</u>	<u>(34,000)</u>	<u>(88,552)</u>	<u>(54,552)</u>
Fund Balance at Beginning of Year	<u>727,335</u>	<u>727,335</u>	<u>727,335</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 621,335</u>	<u>\$ 693,335</u>	<u>\$ 638,783</u>	<u>\$ (54,552)</u>

SUPPLEMENTARY INFORMATION

REDWOOD COAST ENERGY AUTHORITY
ORGANIZATION
June 30, 2016

Redwood Coast Energy Authority is a Joint Powers Authority formed in 2003, representing seven municipalities, the County of Humboldt, and the Humboldt Bay Municipal Water District.

The Board of Trustees for the fiscal year ended June 30, 2016 was composed of the following:

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Jurisdiction</u>
Linda Atkins	Chairperson	Eureka
Sheri Woo	Vice Chairperson	Humboldt Bay Municipal Water District
Susan Ornelas	Member	Arcata
Doug Brower	Member	Ferndale
Jean Lynch	Member	Blue Lake
Tiara Brown	Member	Fortuna
Jack Thompson	Member	Rio Dell
Dwight Miller	Member	Trinidad
Ryan Sundberg	Member	County of Humboldt

ADMINISTRATION

Matthew Marshall
Executive Director

John R. Goff, CPA
Mark G. Wetzel, CPA
Michael R. Cline, CPA



DAVID L. MOONIE & CO., LLP
Certified Public Accountants

Kenneth X. Stringer, CPA
Aaron S. Weiss, CPA
Joshua S. Miller, CPA
Matthew J. Hague, CPA

REDWOOD COAST ENERGY AUTHORITY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Redwood Coast Energy Authority
633 Third Street
Eureka, California 95501

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Redwood Coast Energy Authority ("RCEA"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise RCEA's basic financial statements, and have issued our report thereon dated February 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered RCEA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RCEA's internal control. Accordingly, we do not express an opinion on the effectiveness of RCEA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

REDWOOD COAST ENERGY AUTHORITY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS - CONTINUED

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Recommendations as Findings 2016-1 through 2016-7, which we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RCEA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Redwood Coast Energy Authority's Response to Findings

RCEA's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. RCEA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

February 22, 2018

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS

June 30, 2016

2016-1: GENERAL ACCOUNTING POLICIES AND PROCEDURES - REPEAT FINDING

Criteria

Good internal controls include maintaining current written accounting policies and procedures.

Condition

During our consideration of internal controls over financial reporting to determine the audit procedures that are appropriate for the purpose of expressing our opinion on the financial statements, we noted that the written accounting policies and procedures in place are out of date and not specific to RCEA.

Effect

Not having current written accounting policies and procedures increases the risk that misappropriations and errors will occur.

Cause

RCEA did not update its written accounting policies and procedures.

Recommendation

We recommend that RCEA establish and document current accounting policies and procedures which cater to the needs of the organization. We further recommend that these policies be read at board meetings and approved by formal board action.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees to the recommendation and will adhere to the corrective action plan described in the "RCEA's Corrective Action Plan" section immediately following this section of the audit report.

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS - CONTINUED

June 30, 2016

2016-2: INTERNAL CONTROLS OVER EXPENDITURES

Criteria

Good internal controls over expenditures include obtaining and documenting the required support, authorization, and approval prior to issuing the disbursement.

Condition

During our testing of expenditures, in which we tested 58 percent of all operating expenditures, we noted 3 instances totaling \$4,006 where there was no documentation supporting the expenditure.

Effect

The lack of documentation supporting the disbursements could result in errors or inappropriate expenditures being incurred.

Cause

RCEA did not retain the documentation supporting the expenditure.

Recommendation

We recommend that RCEA retain all documentation supporting expenditures.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees to the recommendation and will adhere to the corrective action plan described in the "RCEA's Corrective Action Plan" section immediately following this section of the audit report.

2016-3: PREPARATION OF BANK RECONCILIATIONS

Criteria

Good internal controls over cash include preparation of monthly bank reconciliations by a custodian of the bank account in a timely manner.

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS - CONTINUED

June 30, 2016

Condition

RCEA maintains a checking account with Umpqua Bank for general operations and with Chase Bank for payroll expenditures. RCEA also maintains a trust fund account with the county of Humboldt. The custodian of the funds did not prepare monthly bank reconciliations for the Umpqua and Chase accounts in a timely manner from December 2015 to May 2016. The custodian of the funds did not prepare monthly bank reconciliations for the trust fund account.

Effect

Failure to prepare bank reconciliations could result in future errors not being detected in a timely manner.

Cause

RCEA did not follow its policy to reconcile all bank accounts monthly in a timely manner.

Recommendation

We recommend that RCEA follow its policy to reconcile all bank accounts monthly in a timely manner.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees to the recommendation and will adhere to the corrective action plan described in the "RCEA's Corrective Action Plan" section immediately following this section of the audit report.

2016-4: INTERNAL CONTROLS OVER REVENUES - REPEAT FINDING

Criteria

Good internal controls over revenues include maintaining supporting documentation for invoices submitted to customers.

Condition

During our testing of revenues, in which we tested 72 percent of all revenues, we noted 4 instances totaling \$132,270 where there was no original signed documentation

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS - CONTINUED

June 30, 2016

supporting vendor rebate reimbursements or complete documentation supporting reimbursement requests. We were able to trace the total batch reimbursement amount to an RCEA spreadsheet identifying the customer and total project cost, so, in our opinion, no revenue was received inappropriately.

Effect

By not maintaining all documentation, RCEA was unable to produce support for all invoices selected for detailed testing.

Cause

RCEA did not maintain all documentation to support the invoices tested. Due to staff turnover and timing of the audit, RCEA was unable to locate the supporting documentation prior to issuance of the report.

Recommendation

We recommend that RCEA maintain all supporting documentation for invoices submitted to customers.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees to the recommendation and will adhere to the corrective action plan described in the "RCEA's Corrective Action Plan" section immediately following this section of the audit report.

2016-5: PAYROLL INTERNAL CONTROL - REPEAT FINDING

Criteria

Good internal controls over payroll include supervisor review and approval of time sheets. In addition, prior to issuance of payroll bonuses, RCEA should determine if they are an allowable expenditure.

Condition

During our testing of payroll we noted that a board member was not approving the executive director's time sheet. We also noted annual bonuses paid to employees totaling \$8,400.

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS - CONTINUED

June 30, 2016

Effect

Not having a board member or supervisor sign and approve time sheets increases the chance that inappropriate or incorrect wages could be paid and not detected in a timely manner. We noted no actual inappropriate payments to the executive director for the year ended June 30, 2016. The bonuses paid may not be in compliance with government regulations.

Cause

RCEA did not have a policy regarding approval of executive director time sheets. RCEA was unaware that bonuses may not be allowable expenditures.

Recommendation

We recommend that RCEA establish procedures for a board member to review and approve the executive director's time sheet. We further recommend that RCEA consult with legal counsel prior to issuing any further bonuses to determine if the bonuses were allowable payroll expenditures.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees to the recommendation and will adhere to the corrective action plan described in the "RCEA's Corrective Action Plan" section immediately following this section of the audit report.

2016-6: TIMELY CLOSING OF ACCOUNTING PERIOD - REPEAT FINDING

Criteria

Good internal controls include completing the annual accounting period close in a timely fashion.

Condition

RCEA closed the June 30, 2016 year end approximately 16 months after the year end.

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS - CONTINUED

June 30, 2016

Effect

The audit report was issued approximately 20 months after the year end.

Cause

Staffing limitations and turnover resulted in delayed closing of year end.

Recommendation

We recommend that RCEA works closely with staff or an outside firm to ensure that the year end is closed in a timely fashion.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees to the recommendation and will adhere to the corrective action plan described in the "RCEA's Corrective Action Plan" section immediately following this section of the audit report.

2016-7: INTERNAL CONTROLS - BUDGET ALLOCATIONS

Criteria

Good internal controls over budgeting include allocating program and administrative expenditures as separate line items in the annual budget.

Condition

The 2015/16 budget did not allocate salaries and employee benefits between program expenditures and administrative expenditures.

Effect

Not having the allocation between program and administrative expenditures in the budget increases the risk that RCEA is not able to track these expenditures accurately against budgeted amounts throughout the year.

Cause

RCEA did not have a policy requiring allocation of salaries and employee benefits between program expenditures and administrative expenditures.

REDWOOD COAST ENERGY AUTHORITY

FINDINGS AND RECOMMENDATIONS - CONTINUED

June 30, 2016

Recommendation

We recommend that RCEA establish procedures for allocating salaries employee benefits between program expenditures and administrative expenditures during the budgeting process.

Views of Responsible Officials and Planned Corrective Actions

RCEA agrees to the recommendation and will adhere to the corrective action plan described in the "RCEA's Corrective Action Plan" section immediately following this section of the audit report.

REDWOOD COAST ENERGY AUTHORITY

RCEA'S CORRECTIVE ACTION PLAN

June 30, 2016

FINDING 2016-1: GENERAL ACCOUNTING POLICIES AND PROCEDURES -
REPEAT FINDING

Name of contact person: Matthew Marshall, Executive Director

Corrective Action: *Written accounting procedures will be drafted as staff time allows. Such written procedures will be provide for board review upon completion.*

Proposed Completion Date: *December 31, 2018*

FINDING 2016-2: INTERNAL CONTROLS OVER EXPENDITURES

Name of contact person: Matthew Marshall, Executive Director

Corrective Action: *Supporting documentation for all expenditures is presently required for all disbursements.*

Proposed Completion Date: *Completed.*

FINDING 2016-3: PREPARATION OF BANK RECONCILIATIONS

Name of contact person: Matthew Marshall, Executive Director

Corrective Action: *All bank and investment accounts are reconciled on a monthly basis, in a timely manner.*

Proposed Completion Date: *Implemented.*

REDWOOD COAST ENERGY AUTHORITY

RCEA'S CORRECTIVE ACTION PLAN

June 30, 2016

FINDING 2016-4: INTERNAL CONTROLS OVER REVENUES - REPEAT FINDING

Name of contact person: Matthew Marshall, Executive Director

Corrective Action: *Supporting documentation for all invoices submitted to customers is presently being maintained.*

Proposed Completion Date: *Implemented.*

FINDING 2016-5: PAYROLL INTERNAL CONTROL - REPEAT FINDING

Name of contact person: Matthew Marshall, Executive Director

Corrective Action: *RCEA no longer pays employees an annual bonus. Per the Financial Management Policy adopted June 19, 2017, board member's signature is no longer a requirement. The Executive Director's timesheets are now reviewed and signed by the Director of Finance and Human Resources.*

Proposed Completion Date: *Implemented.*

FINDING 2016-6: TIMELY CLOSING OF ACCOUNTING PERIOD - REPEAT FINDING

Name of contact person: Matthew Marshall, Executive Director

Corrective Action: *This will be a continuing issue until such time as the audits are brought current.*

Proposed Completion Date: *Subsequent accounting periods will be closed as those audited financial statements are prepared. A reasonable date for the close of the fiscal year ending June 30, 2018, is September 30, 2018.*

REDWOOD COAST ENERGY AUTHORITY

RCEA'S CORRECTIVE ACTION PLAN

June 30, 2016

2016-7: INTERNAL CONTROLS - BUDGET ALLOCATIONS

Name of contact person: Matthew Marshall, Executive Director

Corrective Action: *Future budgets will be on a program basis. Upgraded financial accounting software is in the process of installation at this time. Such upgrades were purchased with a line-item budget as a priority.*

Proposed Completion Date: *June 30, 2018.*

REDWOOD COAST ENERGY AUTHORITY
STATUS OF PRIOR YEAR FINDINGS

June 30, 2016

2015-1: GENERAL ACCOUNTING POLICIES AND PROCEDURES - REPEAT FINDING

Condition

During our consideration of internal controls over financial reporting to determine the audit procedures that are appropriate for the purpose of expressing our opinion on the financial statements, we noted that the written accounting policies and procedures in place are out of date and not specific to RCEA.

Cause

RCEA did not update its written accounting policies and procedures as they were updated.

Current Status

Not implemented. See Finding 2016-1.

2015-2: INTERNAL CONTROL OVER REVENUES - REPEAT FINDING

Condition

During our testing of revenues, in which we tested 76 percent of all revenues, we noted 5 instances totaling \$11,632 where there was no documentation supporting the invoice. These invoices were expense reimbursements for time and materials used in program services. The customer received the documentation prior to paying the invoice, so, in our opinion, no revenue was received inappropriately.

Cause

RCEA did not maintain all documentation to support the invoices tested. Due to staff turnover and timing of the audit, RCEA was unable to locate the supporting documentation prior to issuance of the report.

Current Status

Not implemented. See Finding 2016-4.

REDWOOD COAST ENERGY AUTHORITY
STATUS OF PRIOR YEAR FINDINGS - CONTINUED

June 30, 2016

2015-3: PAYROLL INTERNAL CONTROL-REPEAT FINDING

Condition

Good internal controls over payroll include supervisor review and approval of time sheets. In addition, prior to issuance of payroll bonuses, RCEA should determine if they are an allowable expenditure.

Cause

RCEA did not have a policy regarding approval of executive director time sheets. RCEA was unaware that bonuses may not be allowable expenditures.

Current Status

Not implemented. See Finding 2016-5.

2015-4: TIMELY CLOSING OF ACCOUNTING PERIOD - REPEAT FINDING

Condition

RCEA closed the June 30, 2015 year end approximately 18 months after the year end.

Cause

Staffing limitations and scheduling conflicts with an outside firm resulted in delayed closing of year end.

Current Status

Not implemented. See Finding 2016-6.

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REDWOOD COAST
EnergyAuthority

STAFF REPORT
Agenda Item # 6.2

AGENDA DATE:	February 26, 2018
TO:	Board of Directors
PREPARED BY:	Steve Edmiston, Director of Power Resources and Matthew Marshall, Executive Director
SUBJECT:	Mid-year Budget Review

SUMMARY

At the Board meeting staff will provide a mid-year budget review presentation. This presentation will include preliminary 2017 outcomes, status, and budget trends of the Community Choice Energy program since the May program launch.

STAFF RECOMMENDATION

N/A - information only

Materials Submitted
After Packet
Publication



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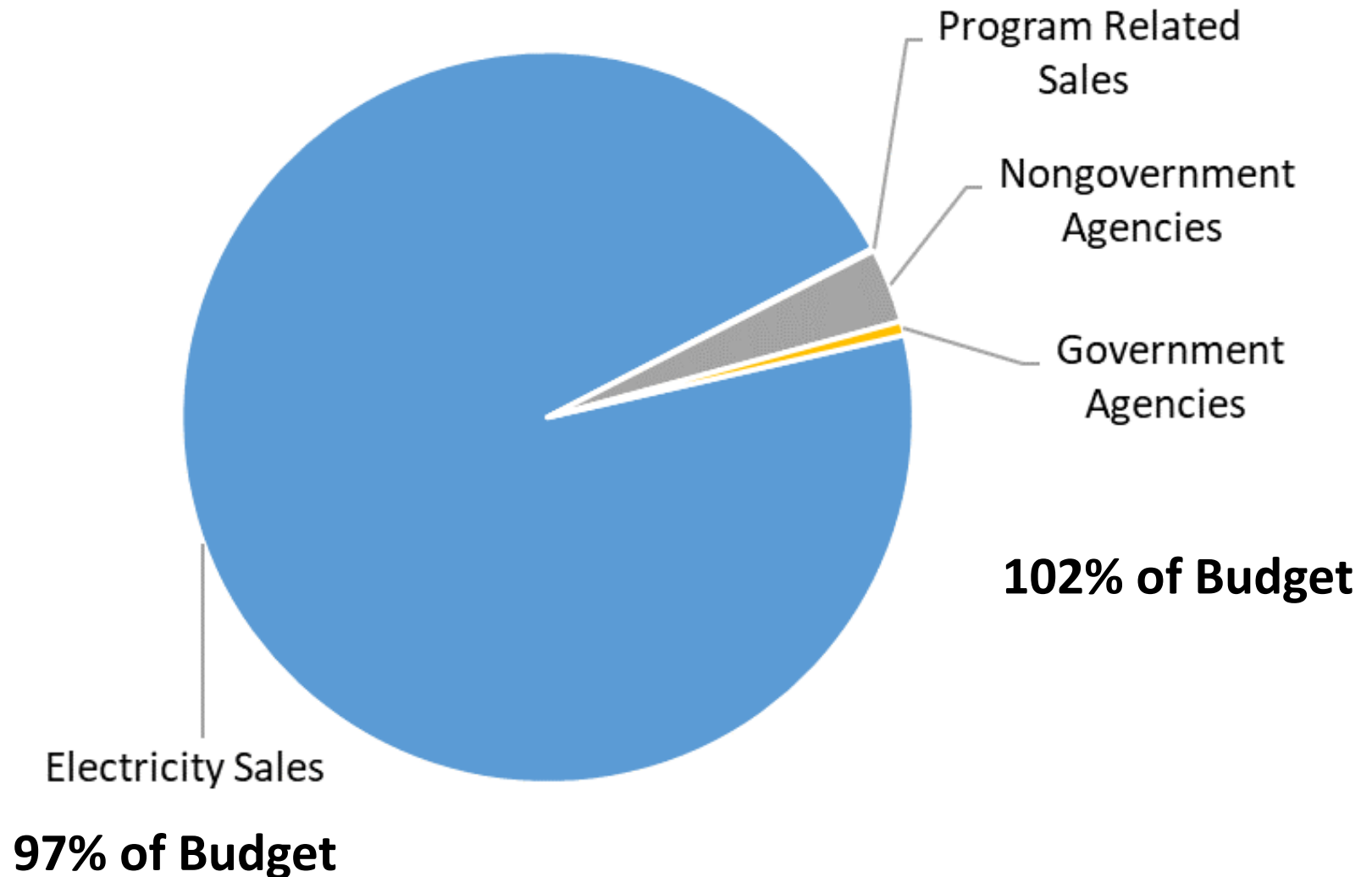
Mid-year Budget Review

February 2018

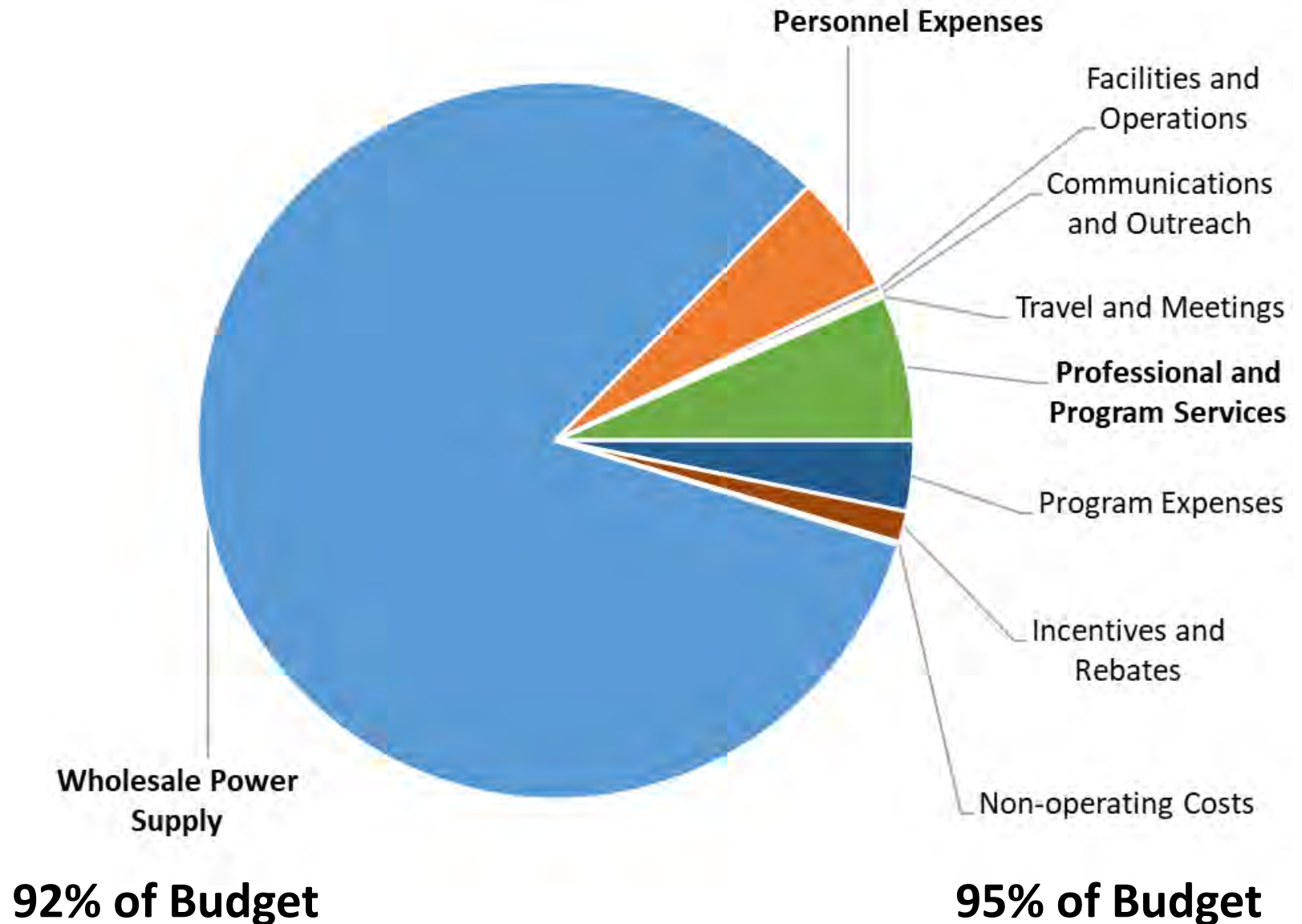
July-Dec Revenue & Expenses

	Jul-Dec 2017	Budget (6-months)	% of 6-mo budget
Revenue	23,529,706	24,224,992	97%
Expenses	19,524,473	21,081,066	93%
Year-to-date Net Revenue	3,977,576	3,111,121	128%

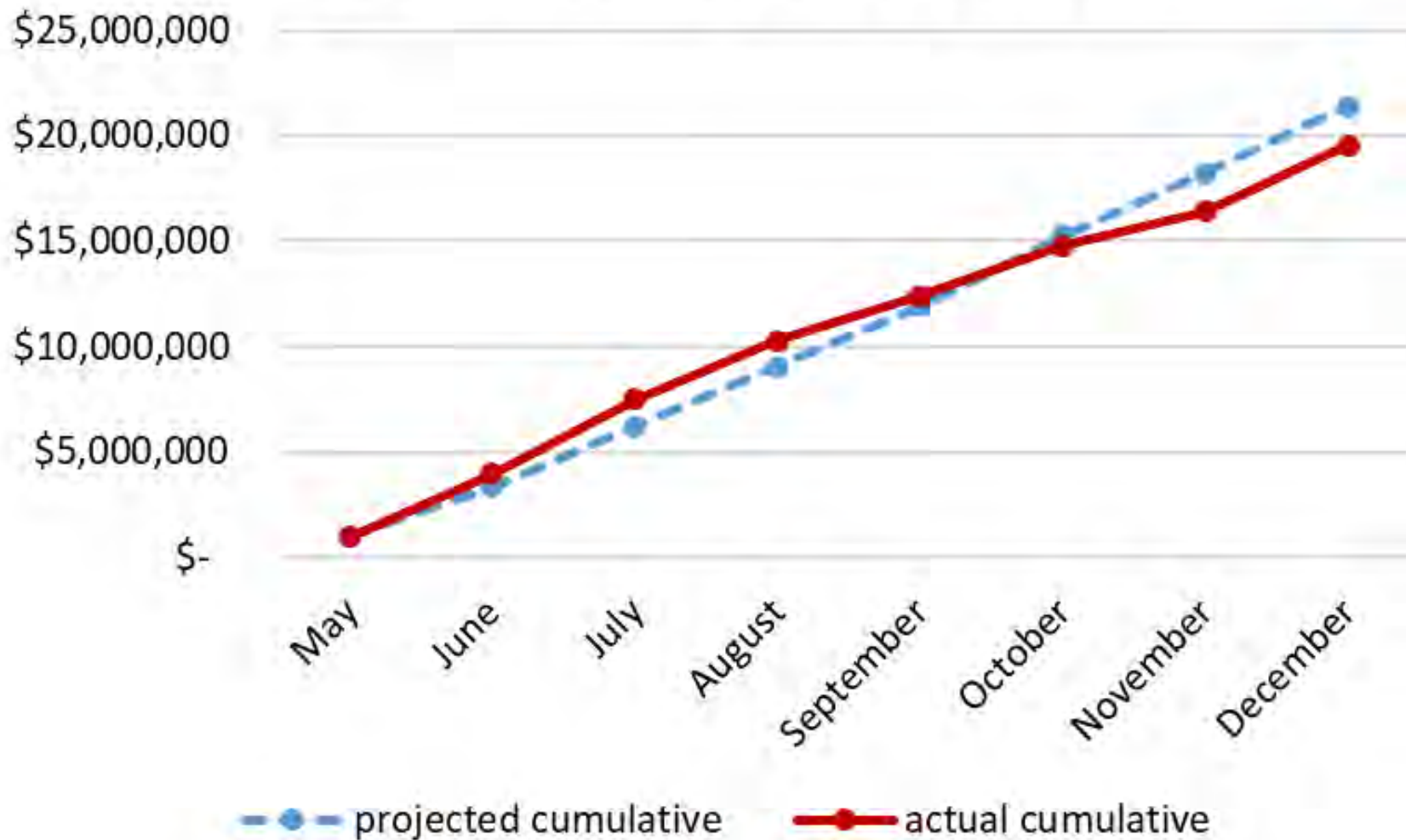
Revenue, July-Dec 2017



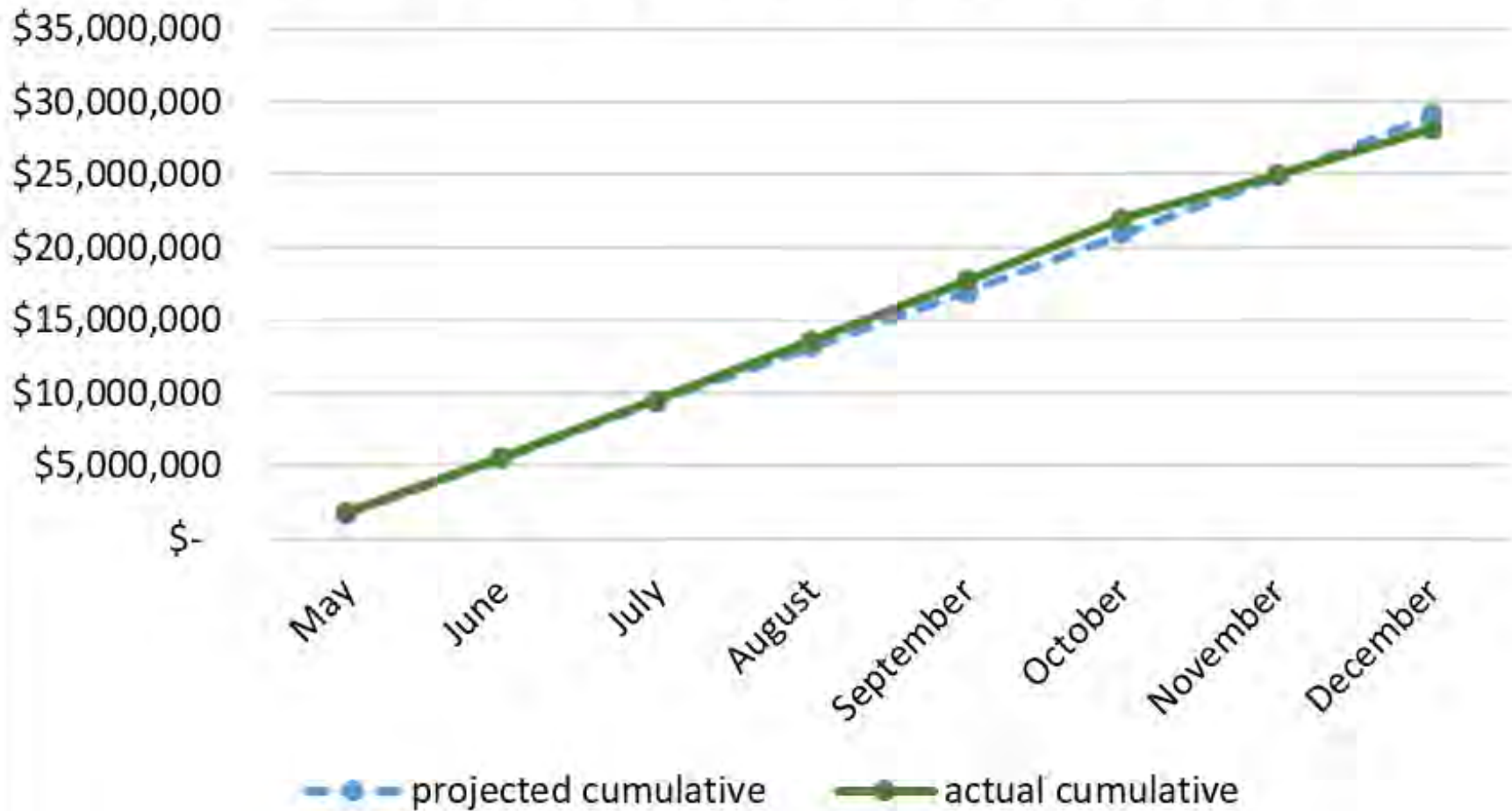
Expenses, Jul-Dec 2017



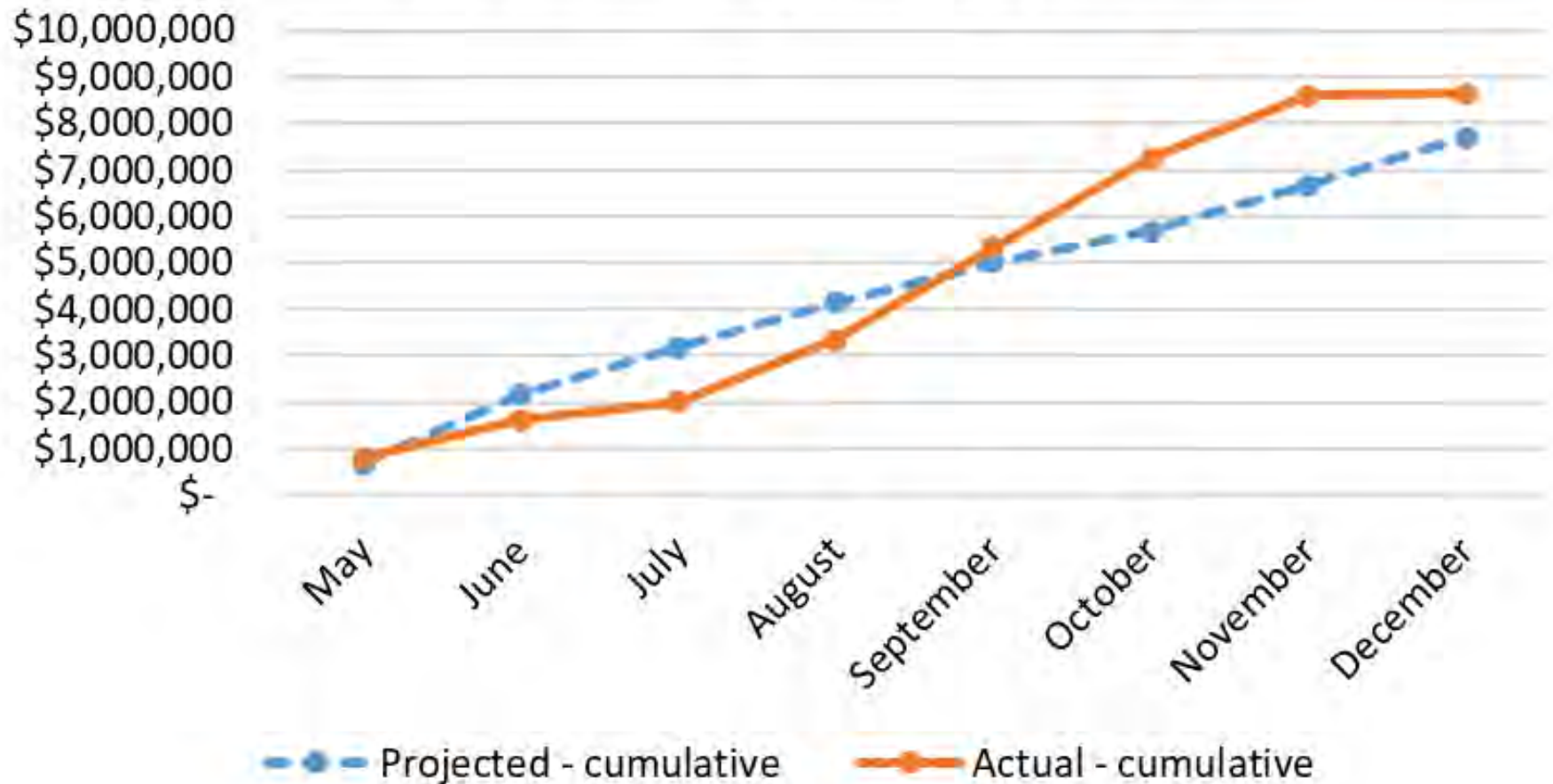
Cumulative Power Costs



Cumulative Power-Sales Revenue



Cumulative gross revenue after wholesale power costs



Summary

- Both revenues and expenses are slightly under budget for FY17-18 to-date.
- Overall the year-to-date is on track with the budget, with net revenue currently above budget projections.
- As expected retail electricity sales and wholesale power costs are by far the largest budget drivers, but other categories are generally on track as well.



REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 7.1

AGENDA DATE:	February 26, 2018
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Energy Risk Management Plan Quarterly Report

BACKGROUND

In order to oversee financial decision-making for our Community Choice Energy program, including power purchasing, new project investment, and rate-setting, the Redwood Coast Energy Authority established an Energy Risk Management Team and adopted an Energy Risk Management Policy. The policy calls for an “update on activities and projected financial performance to be presented quarterly at RCEA Board meetings.” Staff will make a presentation to the Board addressing these topics.

STAFF RECOMMENDATION

None – informational only

ATTACHMENTS:

None

Materials Submitted
After Packet
Publication



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Agenda Item 7.1

Community Choice Energy Program Risk Management Quarterly Report

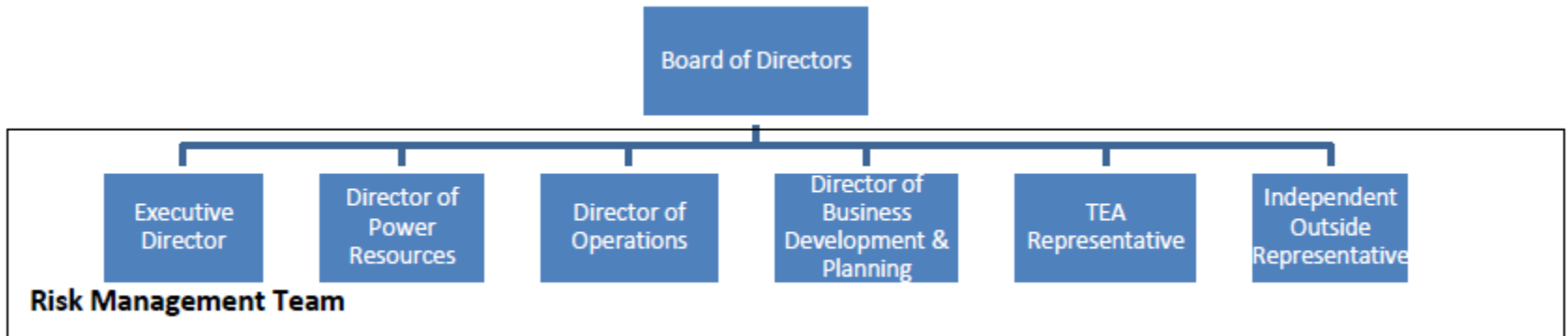
February 2018

Risk Management Policy

- Establishes goals and success metrics:
 - Maintain rates competitive with PG&E's
 - Build program reserves
- Identifies risk types
- Describes business practices
- Describes Risk Management Team makeup
- Delegates authority for energy transactions
- Calls for quarterly risk management report to Board – hence today's presentation

Policy is in need of some minor updates – coming later in 2018

Risk Management Team*



- Meets monthly via web conference
- Agenda typically includes
 - Power market update and procurement planning
 - California Independent System Operator (CAISO) performance
 - Congestion Revenue Right (CRR) performance
 - RCEA CCE program outlook
- Emerging issues are brought up and discussed by TEA and RCEA staff as needed between risk team meetings

* Director of Finance and HR also participates in the team and will be proposed as a team member in an updated version of the Risk Management Policy.

Delegation of procurement authority

Position	Maturity Limit	Term Limit	Volume Limit (MWh) ¹	Value Limit ²
Risk Management Team	30 Months	24 Months	500,000	\$2,000,000
Executive Director	24 Months	18 Months	375,000	\$1,000,000
TEA	18 months	12 Months	250,000	\$500,000

¹Volume limit applies only to energy purchases.

²Value limits apply to non-energy product transactions (e.g., Resource Adequacy and Renewable Energy Credits).

Transactions exceeding any one limit shown for Risk Management Team are presented to the Board for discussion and approval.

Example: DG Fairhaven contract brought before the Board in January is for 12 months and <500,000 MWh; however, its estimated value is approximately \$2.8M, above the RMT value limit.

Risk Types as ID'ed in Risk Management Policy

- Market risk
- Regulatory risk
- Volumetric risk
- Model risk
- Operational risk
- Counterparty credit risk
- Reputation risk

Market Risk

- Addressed through tracking market performance
 - Forward-looking financial model tracking program headroom is updated daily and available to RCEA staff via TEA's online customer portal
 - TEA provides RCEA with daily end-of-day reports showing daily market results for RCEA and at CAISO system level
 - Hedgefox tool allows TEA to perform probabilistic modeling of market scenarios to aid in decision-making
- PG&E rate forecast from MRW Associates, based on publicly available CPUC filings, used by TEA in their financial model – key to delivering CCE customer rate savings (Note: proposed rates being brought to the Board today were set based on actual PG&E rates published 2/16/2018)

Regulatory Risk

- Multiple factors at work
 - Unresolved PCIA (exit fee for unbundled IOU customers) proceedings
 - Integrated Resource Plan – could affect procurement requirements for CCAs
 - AB 1110 (“Ting bill”) implementation – could affect GHG accounting

Volumetric Risk

- Load
 - Opt-outs have been lower than predicted, leading to greater load than was modeled in planning program – positive net revenue impacts
- Generation
 - Some HRC outages have led to less biomass generation than forecast by HRC
 - RPS still well above PG&E's level
 - Will overprocure RPS in 2018 to address risk of under-delivery by local (biomass) contracts

Model Risk

- Risk that TEA's financial model fails to accurately predict outcomes
- Addressed through
 - daily updating of model with latest available information
 - use of multiple scenarios, e.g. PCIA stress test
 - comparing predictions after the fact with actual outcomes and adjusting model parameters

Operational Risk

- This risk is largely “outsourced” to TEA, who have lead responsibility for product transactions (energy, RPS, carbon free, RA, CRRs) and delivery scheduling
- The value of this risk is incorporated in the fees RCEA pays TEA

Counterparty Credit Risk

- Also minimized by using TEA's services and creditworthiness
- Bilateral contracts, active and pending, include pre-delivery and delivery term security deposits to protect RCEA against non-delivery or under-delivery

Reputation Risk

- Reputation w/ respect to customers monitored via opt-up and opt-out rates; staff discussion and analysis of customer service calls
- Reputation w/ respect to counterparties: HRC appears happy with our business processes, has not contested monthly settlements
- RCEA staff communicate and meet frequently with staff of other CCAs to share best practices in working with customers and counterparties

Business Practices

Risk Management Plan discusses:

- Conflict of interest
- Statutory requirements
- Counterparty suitability
- Transaction approval
- Stress testing

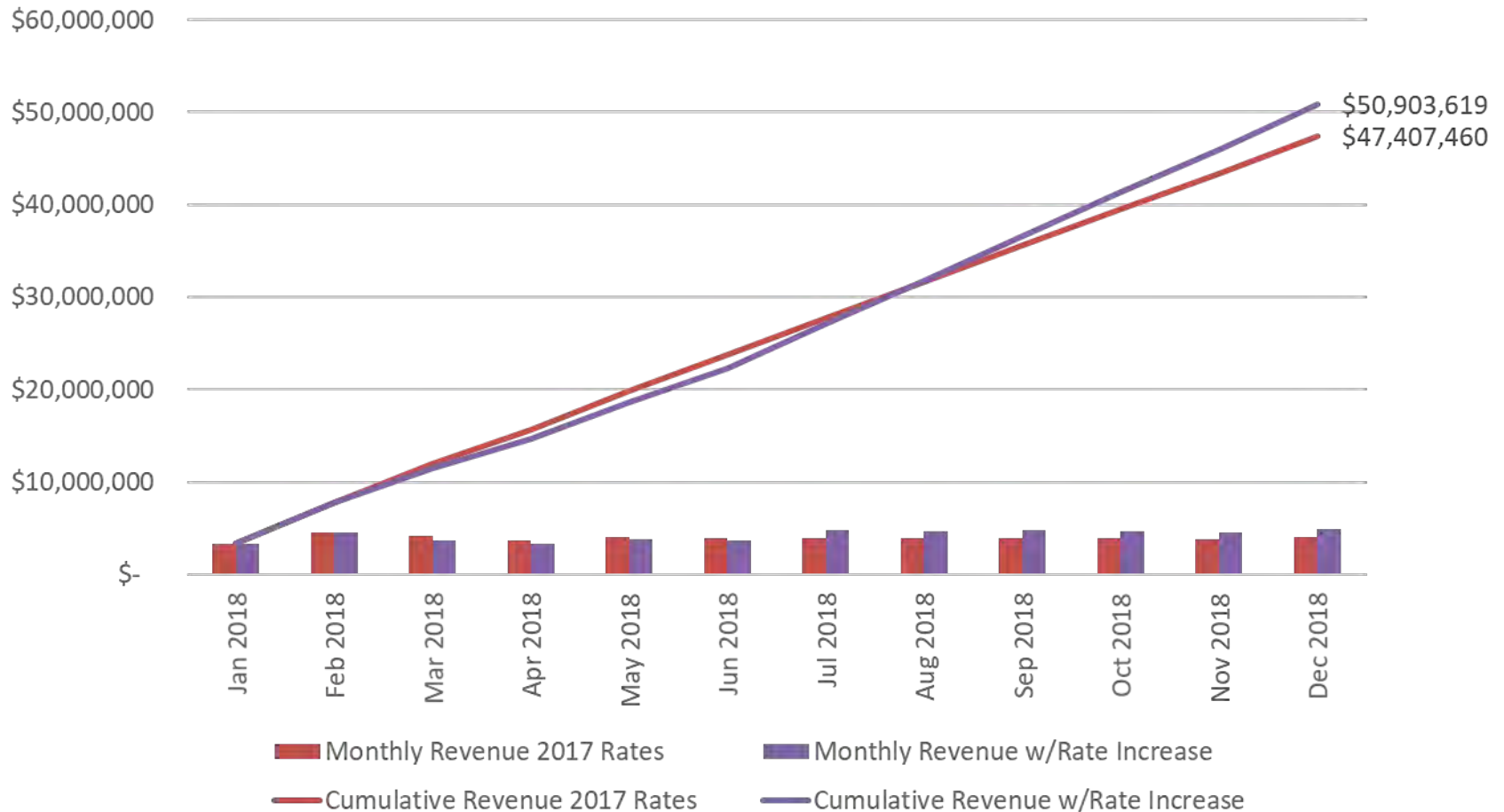
To date these mechanisms have performed satisfactorily with no identified conflicts or policy violations

Identified Areas for Improvement

- TEA will more regularly provide updates on how RPS and carbon-free percentages are tracking against planning targets
- RCEA needs to increase engagement on regulatory monitoring and analysis, be it through CalCCA, consultants, or eventually a dedicated staff position (as most other CCAs do)

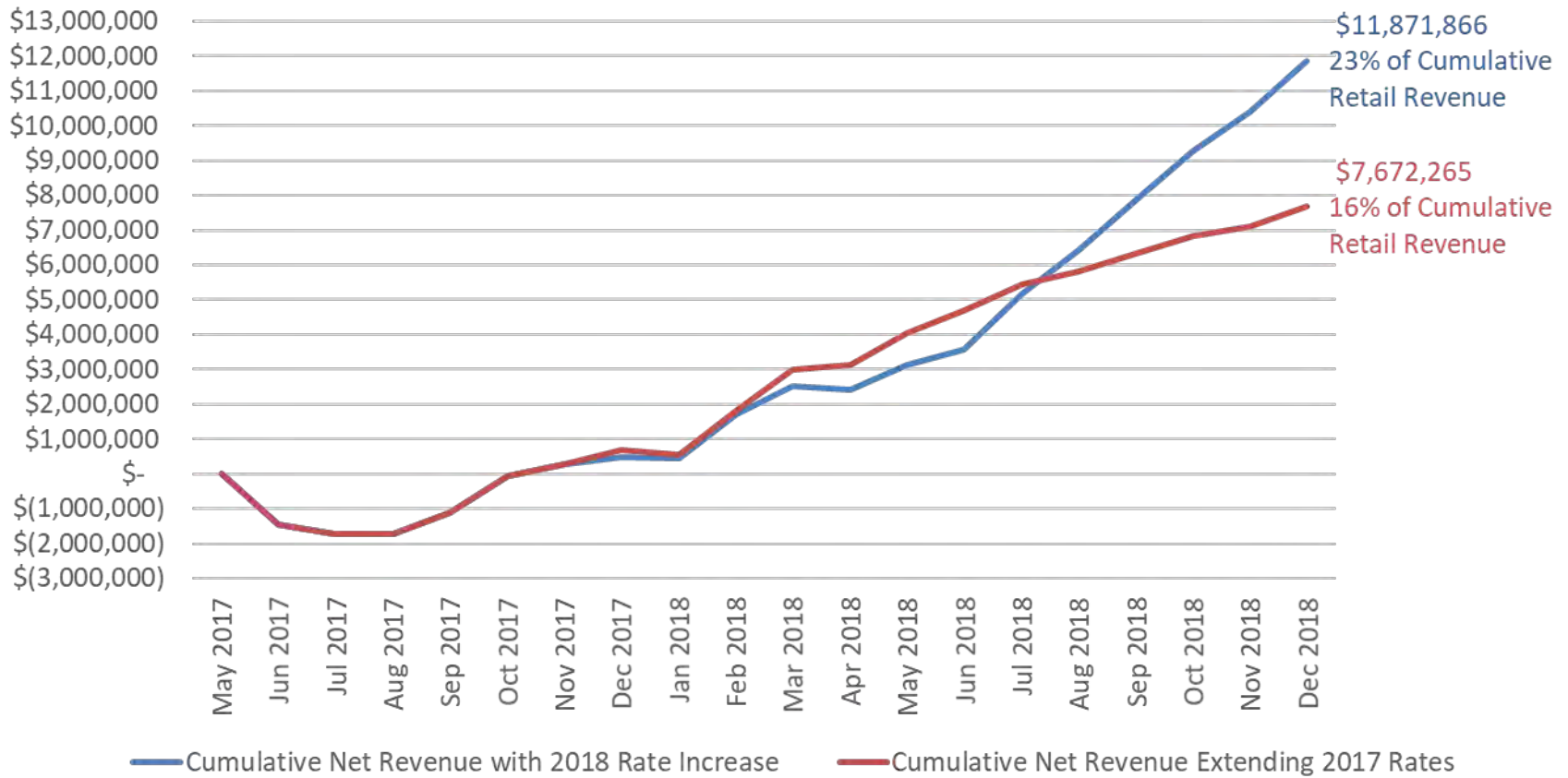
2018 Retail Revenue Scenarios: Cash Flow

Continuing with 2017 Rates vs. 3% Discount to PG&E



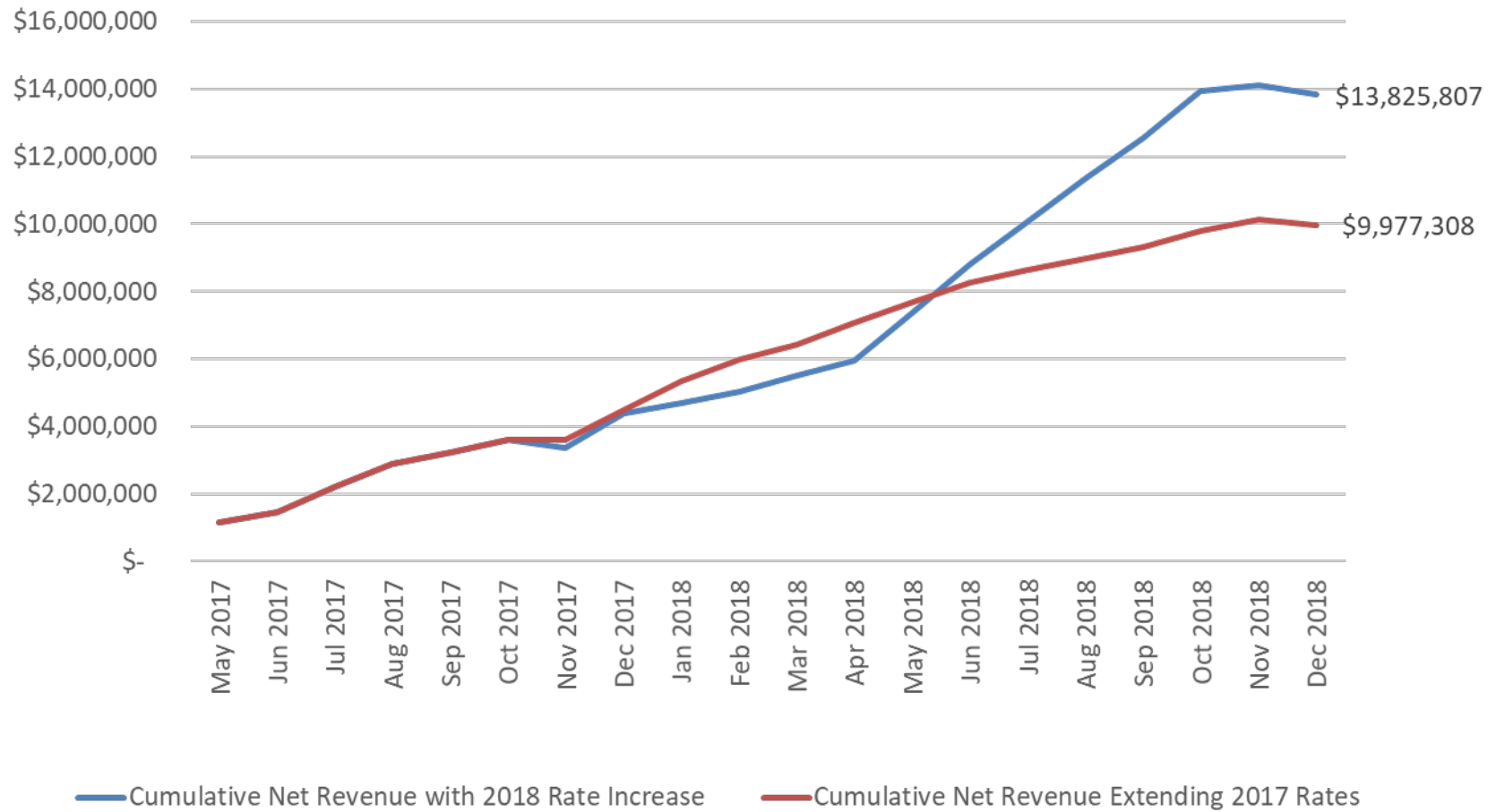
2018 Net Revenue: Cash Flow

Continuing with 2017 Rates vs. 3% Discount to PG&E



2018 Net Revenue: Accrual

Continuing with 2017 Rates vs. 3% Discount to PG&E



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REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 8.1

AGENDA DATE:	February 26, 2018
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Lori Biondini, Director of Planning and Business Development
SUBJECT:	CCE Customer Rates for 2018

SUMMARY

Since launching in May 2017, RCEA's Community Choice Energy (CCE) program has delivered on its goal to provide customer rate savings while delivering power with higher renewable content and lower greenhouse gas emissions than PG&E's power. Specifically, we set our rates at program launch 2.7% below PG&E's, with the target of delivering approximately \$2 million in customer rate savings countywide. This rate discount is inclusive of the PCIA "exit fee" and franchise fee imposed on CCE customers by investor-owned utilities with authorization of the California Public Utilities Commission.

Both PG&E and RCEA have held their generation rates constant since our program launch. Actual customer savings through December 31 were an estimated \$1.6 million, putting us well on track to deliver the \$2 million goal in the first 12 months of operation. Our power portfolio for 2017 was over 40% renewable power, compared with 33% for PG&E in 2016 (their most recent reported year). Our portfolio is 80% renewable and/or fossil free, compared with 69% for PG&E.

PG&E published new generation rates for bundled customers on February 16, which become effective March 1. This will be their first generation rate change since our program launched. Table 1 shows the amounts PG&E's generation rates will increase by customer rate class.

Table 1. PG&E generation rate increase by customer rate class

Rate Class	Change (%)
Residential	10%
Ag	7%
Sm. Commercial	9%
Med. Commercial	10%
Lg. Commercial	12%
Industrial	16%
Street Lighting	9%

RCEA remains committed to delivering rate savings to our customers, with a goal of at least \$2 million total annual savings per our Board-adopted program guidelines. PG&E's generation rate increase this year, about 8% overall, is a relatively large one compared to recent years. However, this rate increase is being largely offset by reductions in other charges, meaning that bundled PG&E customers will see only a minimal increase in their overall bill. Staff proposes to minimize negative impacts on RCEA electricity customers by increasing our rate savings differential from 2.7% below PG&E's generation rates to 3% below PG&E. Our generation rates would rise, but less than PG&E's. Using our program financial model developed and maintained by The Energy Authority (TEA), we have determined that the proposed generation rate increase would maintain program finances at a level that allows us to continue building program reserves and begin delivering new and enhanced customer programs as directed in our program guidelines.

Rate-setting calls for a balancing of RCEA's key goals in establishing our CCE program, i.e. delivering customer cost savings while funding the programs and activities that drove establishment of the program in the first place. Viewed from a risk management perspective, RCEA must balance the risk of under-capitalizing its program by setting rates too low against the risk of losing customers who may opt out if we set the rates too high. A rate calculator provided by TEA for this purpose helped staff to analyze this choice and propose rates at the recommended levels.

Special Rate Offerings

Staff proposes to continue offering our net energy metering (NEM) program under the same terms, i.e. offering a \$0.01/kWh adder on net monthly generation, and offering customers the choice to either cash out accumulated credits at full retail value once a year, or carry the credits forward into the next year. The NEM program is successful, with 1,315 enrolled accounts. However, the opt-out rate is substantially higher for NEM customers (16.9%) than for customers overall (6.2%). Our communications with NEM customers and local solar companies have demonstrated that we need to increase and refine our outreach to the local solar energy community, to better explain how our billing works and how customers benefit financially from program participation. Staff are working on developing and implementing this outreach.

One of the main concerns we have heard from NEM customers about our program is that they face monthly generation charges in winter when their system's production is at a minimum. This issue will be ameliorated for most NEM customers after their first winter, as they will carry summer generation credits that will offset their winter usage. Staff plans to propose a winter generation charges deferment for new NEM customers that will address this concern, to be implemented for winter 2018-19.

Staff also proposes to continue with the same structure for our REpower+ 100% renewable power offering, charging \$0.01/kWh over standard REpower rates. 803 accounts are currently participating in REpower+, including all municipal accounts for the City of Blue Lake and the City of Arcata.

Customer Program Funding

In addition to the NEM and REpower+ programs, the CCE guidelines call for an allocation of up to \$1 million per year for new and enhanced customer programs. To accommodate financial constraints during the initial launch of the CCE program, RCEA's CCE Implementation Plan includes a schedule for a gradual ramp-up toward the target of \$1 million per year of customer-program funding. That proposed ramp-up targeted a budget allocation of \$400,000 for customer programs in 2018, and the proposed 2018 rates would accommodate that funding level while also achieving the power content and reserve-building goals of the CCE Program. Agenda items 8.2 and 8.3 address next steps on the allocation of customer-program funding.

RECOMMENDED ACTION

Adopt Resolution No. 2018-2 of the Redwood Coast Energy Authority Setting Community Choice Energy Program Rates for 2018.

ATTACHMENTS:

Resolution No. 2018-2 Setting Community Choice Energy Program Rates for 2018, including the proposed 2018 rate schedule.

**RESOLUTION NO. 2018-2
OF THE REDWOOD COAST ENERGY AUTHORITY
SETTING COMMUNITY CHOICE ENERGY PROGRAM RATES FOR 2018**

WHEREAS, the Redwood Coast Energy Authority (RCEA) is continuing operation of its successful community choice energy program on behalf of participating jurisdictions in Humboldt County; and

WHEREAS, the RCEA Board of Directors adopted the goal of providing competitive rates for customers at or below what customers would otherwise pay through PG&E bundled service; and has contracted with The Energy Authority (TEA) to procure power on RCEA's behalf; and

WHEREAS, RCEA is working with its power manager and power procurement agent The Energy Authority (TEA) to secure a portfolio of power supply resources that meet RCEA's customer rate goals while also supporting other program objectives related to building financial reserves and renewable energy content; and

NOW, THEREFORE, BE IT RESOLVED, that the Community Choice Energy Participating Members of the Board of the Redwood Coast Energy Authority hereby adopts RCEA's Community Choice Energy Program 2018 Customer Rate Schedule as set forth in Appendix A, attached hereto and incorporated herein.

Adopted this ____ day of _____, 2018

ATTEST:

Sheri Woo, RCEA Board Chair

Lori Taketa, Clerk

Date: _____

Date: _____

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2018-2 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the ____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

Clerk of the Board, Redwood Coast Energy Authority

APPENDIX A

**REDWOOD COAST ENERGY AUTHORITY
COMMUNITY CHOICE ENERGY PROGRAM 2018 CUSTOMER RATE SCHEDULE**

RCEA Community Choice Energy Program

2018 Customer Rate Schedule - Effective March 2018

PG&E Equivalent Schedule	RCEA Rate Schedule	Season	Charge Type	Time of Use Period	RCEA Rate	RCEA Rate with PG&E Surcharges	PG&E Rate
E-1, EL-1, EM, EML, ES, ESL, ESR, ESRL, ET ETL	E-1	All	Generation	Total	0.07056	0.104566	0.10780
E-6, EL-6	E-6	Summer	Generation	On Peak	0.19660	0.230608	0.23774
	E-6	Summer	Generation	Part Peak	0.08713	0.121143	0.12489
	E-6	Summer	Generation	Off Peak	0.04246	0.076465	0.07883
	E-6	Winter	Generation	Part Peak	0.06726	0.101268	0.10440
	E-6	Winter	Generation	Off Peak	0.05497	0.088978	0.09173
EV-A	E-EV	Summer	Generation	On Peak	0.20533	0.239338	0.24674
	E-EV	Summer	Generation	Part Peak	0.08133	0.115343	0.11891
	E-EV	Summer	Generation	Off Peak	0.02396	0.057967	0.05976
	E-EV	Winter	Generation	On Peak	0.05542	0.089434	0.09220
	E-EV	Winter	Generation	Part Peak	0.02187	0.055882	0.05761
	E-EV	Winter	Generation	Off Peak	0.02602	0.060033	0.06189
E-TOU-A	E-TOU-A	Summer	Generation	On Peak	0.15078	0.184785	0.19050
	E-TOU-A	Summer	Generation	Off Peak	0.07747	0.111482	0.11493
	E-TOU-A	Winter	Generation	On Peak	0.06606	0.100065	0.10316
	E-TOU-A	Winter	Generation	Off Peak	0.05219	0.086204	0.08887
E-TOU-B	E-TOU-B	Summer	Generation	On Peak	0.17200	0.206009	0.21238
	E-TOU-B	Summer	Generation	Off Peak	0.07203	0.10604	0.10932
	E-TOU-B	Winter	Generation	On Peak	0.06836	0.102374	0.10554
	E-TOU-B	Winter	Generation	Off Peak	0.05013	0.084138	0.08674
E-TOU-C	E-TOU-C	Summer	Generation	On Peak	Rates Forthcoming		
	E-TOU-C	Summer	Generation	Off Peak			
	E-TOU-C	Winter	Generation	On Peak			
	E-TOU-C	Winter	Generation	Off Peak			
A-1-A	A-1-A	Summer	Generation	Total	0.09665	0.121929	0.12570
	A-1-A	Winter	Generation	Total	0.05861	0.083886	0.08648

A-1-B	A-1-B	Summer	Generation	On Peak	0.11036	0.135645	0.13984
	A-1-B	Summer	Generation	Part Peak	0.08742	0.112704	0.11619
	A-1-B	Summer	Generation	Off Peak	0.06089	0.086175	0.08884
	A-1-B	Winter	Generation	Part Peak	0.08724	0.11252	0.11600
	A-1-B	Winter	Generation	Off Peak	0.06695	0.092228	0.09508
A-10-A	A-10-A	Summer	Generation	Total	0.08698	0.112656	0.11614
	A-10-A	Summer	Demand	Total	5.24770	5.2477	5.41000
	A-10-A	Winter	Generation	Total	0.06081	0.086485	0.08916
A-10-A-P	A-10-A-P	Summer	Generation	Total	0.07733	0.103014	0.10620
	A-10-A-P	Summer	Demand	Total	4.55900	4.559	4.70000
	A-10-A-P	Winter	Generation	Total	0.05466	0.080335	0.08282
A-10-A-T	A-10-A-T	Summer	Generation	Total	0.06781	0.093489	0.09638
	A-10-A-T	Summer	Demand	Total	3.57930	3.5793	3.69000
	A-10-A-T	Winter	Generation	Total	0.04812	0.073798	0.07608
A-10-B-S	A-10-B-S	Summer	Generation	On Peak	0.13924	0.164919	0.17002
	A-10-B-S	Summer	Generation	Part Peak	0.08576	0.111443	0.11489
	A-10-B-S	Summer	Generation	Off Peak	0.05854	0.084215	0.08682
	A-10-B-S	Summer	Demand	Total	5.24770	5.2477	5.41000
	A-10-B-S	Winter	Generation	Part Peak	0.07030	0.095982	0.09895
	A-10-B-S	Winter	Generation	Off Peak	0.05374	0.079424	0.08188
A-10-B-P	A-10-B-P	Summer	Generation	On Peak	0.12771	0.153386	0.15813
	A-10-B-P	Summer	Generation	Part Peak	0.07866	0.104343	0.10757
	A-10-B-P	Summer	Generation	Off Peak	0.05283	0.078512	0.08094
	A-10-B-P	Summer	Demand	Total	4.55900	4.559	4.70000
	A-10-B-P	Winter	Generation	Part Peak	0.06537	0.091054	0.09387
	A-10-B-P	Winter	Generation	Off Peak	0.04997	0.07565	0.07799
A-10-B-T	A-10-B-T	Summer	Generation	On Peak	0.11390	0.139583	0.14390
	A-10-B-T	Summer	Generation	Part Peak	0.06844	0.094119	0.09703
	A-10-B-T	Summer	Generation	Off Peak	0.04389	0.069568	0.07172
	A-10-B-T	Summer	Demand	Total	3.57930	3.5793	3.69000
	A-10-B-T	Winter	Generation	Part Peak	0.05700	0.082683	0.08524
	A-10-B-T	Winter	Generation	Off Peak	0.04286	0.06854	0.07066
A-6	A-6	Summer	Generation	On Peak	0.34080	0.366117	0.37744
	A-6	Summer	Generation	Part Peak	0.10840	0.133724	0.13786
	A-6	Summer	Generation	Off Peak	0.05186	0.077183	0.07957
	A-6	Winter	Generation	Part Peak	0.07656	0.101879	0.10503

	A-6	Winter	Generation	Off Peak	0.05959	0.084914	0.08754
E-19-S	E-19-S	Summer	Generation	On Peak	0.11188	0.13353	0.13766
	E-19-S	Summer	Generation	Part Peak	0.06879	0.090443	0.09324
	E-19-S	Summer	Generation	Off Peak	0.04026	0.061905	0.06382
	E-19-S	Summer	Demand	On Peak	13.44420	13.4442	13.86000
	E-19-S	Summer	Demand	Part Peak	3.31740	3.3174	3.42000
	E-19-S	Winter	Generation	Part Peak	0.06289	0.084536	0.08715
	E-19-S	Winter	Generation	Off Peak	0.04734	0.068986	0.07112
E-19-R-S	E-19-R-S	Summer	Generation	On Peak	0.26060	0.282251	0.29098
	E-19-R-S	Summer	Generation	Part Peak	0.10339	0.125043	0.12891
	E-19-R-S	Summer	Generation	Off Peak	0.04026	0.061905	0.06382
	E-19-R-S	Winter	Generation	Part Peak	0.06289	0.084536	0.08715
	E-19-R-S	Winter	Generation	Off Peak	0.04734	0.068986	0.07112
E-19-P	E-19-P	Summer	Generation	On Peak	0.10203	0.123685	0.12751
	E-19-P	Summer	Generation	Part Peak	0.06125	0.082896	0.08546
	E-19-P	Summer	Generation	Off Peak	0.03503	0.056677	0.05843
	E-19-P	Summer	Demand	On Peak	11.99890	11.9989	12.37000
	E-19-P	Summer	Demand	Part Peak	2.91970	2.9197	3.01000
	E-19-P	Winter	Generation	Part Peak	0.05574	0.077387	0.07978
	E-19-P	Winter	Generation	Off Peak	0.04151	0.063157	0.06511
E-19-R-P	E-19-R-P	Summer	Generation	On Peak	0.24797	0.269621	0.27796
	E-19-R-P	Summer	Generation	Part Peak	0.09468	0.116332	0.11993
	E-19-R-P	Summer	Generation	Off Peak	0.03503	0.056677	0.05843
	E-19-R-P	Winter	Generation	Part Peak	0.05574	0.077387	0.07978
	E-19-R-P	Winter	Generation	Off Peak	0.04151	0.063157	0.06511
E-19-T	E-19-T	Summer	Generation	On Peak	0.06658	0.088231	0.09096
	E-19-T	Summer	Generation	Part Peak	0.05274	0.074389	0.07669
	E-19-T	Summer	Generation	Off Peak	0.03442	0.056066	0.05780
	E-19-T	Summer	Demand	On Peak	13.63820	13.6382	14.06000
	E-19-T	Summer	Demand	Part Peak	3.42410	3.4241	3.53000
	E-19-T	Winter	Generation	Part Peak	0.05491	0.076562	0.07893
	E-19-T	Winter	Generation	Off Peak	0.04084	0.062487	0.06442
E-19-R-T	E-19-R-T	Summer	Generation	On Peak	0.24690	0.268554	0.27686
	E-19-R-T	Summer	Generation	Part Peak	0.09527	0.116924	0.12054
	E-19-R-T	Summer	Generation	Off Peak	0.03442	0.056066	0.05780
	E-19-R-T	Winter	Generation	Part Peak	0.05491	0.076562	0.07893
	E-19-R-T	Winter	Generation	Off Peak	0.04084	0.062487	0.06442

E-20-S	E-20-S	Summer	Generation	On Peak	0.10317	0.124005	0.12784
	E-20-S	Summer	Generation	Part Peak	0.06402	0.084846	0.08747
	E-20-S	Summer	Generation	Off Peak	0.03714	0.057967	0.05976
	E-20-S	Summer	Demand	On Peak	13.00770	13.0077	13.41000
	E-20-S	Summer	Demand	Part Peak	3.21070	3.2107	3.31000
	E-20-S	Winter	Generation	Part Peak	0.05833	0.079162	0.08161
	E-20-S	Winter	Generation	Off Peak	0.04376	0.064592	0.06659
E-20-R-S	E-20-R-S	Summer	Generation	On Peak	0.23636	0.257186	0.26514
	E-20-R-S	Summer	Generation	Part Peak	0.09622	0.11705	0.12067
	E-20-R-S	Summer	Generation	Off Peak	0.03714	0.057967	0.05976
	E-20-R-S	Winter	Generation	Part Peak	0.05833	0.079162	0.08161
	E-20-R-S	Winter	Generation	Off Peak	0.04376	0.064592	0.06659
E-20-P	E-20-P	Summer	Generation	On Peak	0.10737	0.126808	0.13073
	E-20-P	Summer	Generation	Part Peak	0.06420	0.083643	0.08623
	E-20-P	Summer	Generation	Off Peak	0.03765	0.057094	0.05886
	E-20-P	Summer	Demand	On Peak	14.27840	14.2784	14.72000
	E-20-P	Summer	Demand	Part Peak	3.37560	3.3756	3.48000
	E-20-P	Winter	Generation	Part Peak	0.05852	0.077959	0.08037
	E-20-P	Winter	Generation	Off Peak	0.04417	0.063613	0.06558
E-20-R-P	E-20-R-P	Summer	Generation	On Peak	0.25438	0.273821	0.28229
	E-20-R-P	Summer	Generation	Part Peak	0.09653	0.115973	0.11956
	E-20-R-P	Summer	Generation	Off Peak	0.03765	0.057094	0.05886
	E-20-R-P	Winter	Generation	Part Peak	0.05852	0.077959	0.08037
	E-20-R-P	Winter	Generation	Off Peak	0.04417	0.063613	0.06558
E-20-T	E-20-T	Summer	Generation	On Peak	0.06508	0.082935	0.08550
	E-20-T	Summer	Generation	Part Peak	0.05207	0.069927	0.07209
	E-20-T	Summer	Generation	Off Peak	0.03485	0.05271	0.05434
	E-20-T	Summer	Demand	On Peak	16.89740	16.8974	17.42000
	E-20-T	Summer	Demand	Part Peak	4.02550	4.0255	4.15000
	E-20-T	Winter	Generation	Part Peak	0.05411	0.071974	0.07420
	E-20-T	Winter	Generation	Off Peak	0.04088	0.058743	0.06056
E-20-R-T	E-20-R-T	Summer	Generation	On Peak	0.24755	0.265411	0.27362
	E-20-R-T	Summer	Generation	Part Peak	0.09071	0.108572	0.11193
	E-20-R-T	Summer	Generation	Off Peak	0.03485	0.05271	0.05434
	E-20-R-T	Winter	Generation	Part Peak	0.05411	0.071974	0.07420
	E-20-R-T	Winter	Generation	Off Peak	0.04088	0.058743	0.06056

AG-1-A	AG-1-A	Summer	Generation	Total	0.08032	0.105478	0.10874
	AG-1-A	Summer	Connected Load	Total	1.44530	1.4453	1.49000
	AG-1-A	Winter	Generation	Total	0.05943	0.084594	0.08721
AG-1-B	AG-1-B	Summer	Generation	Total	0.08346	0.108621	0.11198
	AG-1-B	Summer	Demand	Total	2.17280	2.1728	2.24000
	AG-1-B	Winter	Generation	Total	0.05951	0.084671	0.08729
AG-1-B-P	AG-1-B-P	Summer	Generation	Total	0.08346	0.108621	0.11198
	AG-1-B-P	Summer	Demand	Total	1.36770	1.3677	1.41000
	AG-1-B-P	Winter	Generation	Total	0.05951	0.084671	0.08729
AG-R-A	AG-R-A	Summer	Generation	On Peak	0.25875	0.283909	0.29269
	AG-R-A	Summer	Generation	Off Peak	0.04635	0.071508	0.07372
	AG-R-A	Summer	Connected Load	Total	1.39680	1.3968	1.44000
	AG-R-A	Winter	Generation	Part Peak	0.05391	0.079074	0.08152
	AG-R-A	Winter	Generation	Off Peak	0.04215	0.067308	0.06939
AG-V-A	AG-V-A	Summer	Generation	On Peak	0.22326	0.248417	0.25610
	AG-V-A	Summer	Generation	Off Peak	0.04346	0.068618	0.07074
	AG-V-A	Summer	Connected Load	Total	1.45500	1.455	1.50000
	AG-V-A	Winter	Generation	Part Peak	0.05229	0.077455	0.07985
	AG-V-A	Winter	Generation	Off Peak	0.04077	0.065931	0.06797
AG-V-B	AG-V-B	Summer	Generation	On Peak	0.20424	0.229395	0.23649
	AG-V-B	Summer	Generation	Off Peak	0.04388	0.069045	0.07118
	AG-V-B	Summer	Demand	Total	2.43470	2.4347	2.51000
	AG-V-B	Summer	Demand	On Peak	1.89150	1.8915	1.95000
	AG-V-B	Winter	Generation	Part Peak	0.04020	0.065359	0.06738
	AG-V-B	Winter	Generation	Off Peak	0.03049	0.055649	0.05737
AG-4-A	AG-4-A	Summer	Generation	On Peak	0.14361	0.16877	0.17399
	AG-4-A	Summer	Generation	Off Peak	0.04770	0.072857	0.07511
	AG-4-A	Summer	Connected Load	Total	1.43560	1.4356	1.48000
	AG-4-A	Winter	Generation	Part Peak	0.05205	0.077212	0.07960
	AG-4-A	Winter	Generation	Off Peak	0.04063	0.065785	0.06782
AG-4-B	AG-4-B	Summer	Generation	On Peak	0.10409	0.129253	0.13325
	AG-4-B	Summer	Generation	Off Peak	0.04986	0.07502	0.07734
	AG-4-B	Summer	Demand	Total	2.54140	2.5414	2.62000
	AG-4-B	Summer	Demand	On Peak	2.69660	2.6966	2.78000
	AG-4-B	Winter	Generation	Part Peak	0.04800	0.073157	0.07542
	AG-4-B	Winter	Generation	Off Peak	0.03708	0.062245	0.06417

AG-4-B-P	AG-4-B-P	Summer	Generation	On Peak	0.10409	0.129253	0.13325
	AG-4-B-P	Summer	Generation	Off Peak	0.04986	0.07502	0.07734
	AG-4-B-P	Summer	Demand	Total	1.91090	1.9109	1.97000
	AG-4-B-P	Summer	Demand	On Peak	2.06610	2.0661	2.13000
	AG-4-B-P	Winter	Generation	Part Peak	0.04800	0.073157	0.07542
	AG-4-B-P	Winter	Generation	Off Peak	0.03708	0.062245	0.06417
AG-4-C	AG-4-C	Summer	Generation	On Peak	0.12400	0.149157	0.15377
	AG-4-C	Summer	Generation	Part Peak	0.05928	0.084439	0.08705
	AG-4-C	Summer	Generation	Off Peak	0.03577	0.060926	0.06281
	AG-4-C	Summer	Demand	On Peak	6.25650	6.2565	6.45000
	AG-4-C	Summer	Demand	Part Peak	1.06700	1.067	1.10000
	AG-4-C	Winter	Generation	Part Peak	0.04244	0.067599	0.06969
	AG-4-C	Winter	Generation	Off Peak	0.03234	0.057502	0.05928
AG-5-A	AG-5-A	Summer	Generation	On Peak	0.13279	0.157945	0.16283
	AG-5-A	Summer	Generation	Off Peak	0.05293	0.078095	0.08051
	AG-5-A	Summer	Connected Load	Total	3.92850	3.9285	4.05000
	AG-5-A	Winter	Generation	Part Peak	0.05663	0.08179	0.08432
	AG-5-A	Winter	Generation	Off Peak	0.04459	0.069753	0.07191
AG-5-B	AG-5-B	Summer	Generation	On Peak	0.12911	0.154269	0.15904
	AG-5-B	Summer	Generation	Off Peak	0.02671	0.051866	0.05347
	AG-5-B	Summer	Demand	Total	4.72390	4.7239	4.87000
	AG-5-B	Summer	Demand	On Peak	5.91700	5.917	6.10000
	AG-5-B	Winter	Generation	Part Peak	0.04805	0.073206	0.07547
	AG-5-B	Winter	Generation	Off Peak	0.01788	0.043039	0.04437
AG-5-C	AG-5-C	Summer	Generation	On Peak	0.10272	0.127875	0.13183
	AG-5-C	Summer	Generation	Part Peak	0.04868	0.073836	0.07612
	AG-5-C	Summer	Generation	Off Peak	0.02856	0.053719	0.05538
	AG-5-C	Summer	Demand	On Peak	10.97070	10.9707	11.31000
	AG-5-C	Summer	Demand	Part Peak	2.06610	2.0661	2.13000
	AG-5-C	Winter	Generation	Part Peak	0.03458	0.059742	0.06159
	AG-5-C	Winter	Generation	Off Peak	0.02544	0.050605	0.05217
S-TOU-P	S-TOU-P	Summer	Generation	On Peak	0.09373	0.106186	0.10947
	S-TOU-P	Summer	Generation	Part Peak	0.07688	0.089337	0.09210
	S-TOU-P	Summer	Generation	Off Peak	0.05483	0.067289	0.06937
	S-TOU-P	Summer	Reservation Charge	Total	0.40740	0.4074	0.42000
	S-TOU-P	Winter	Generation	Part Peak	0.07956	0.092024	0.09487

	S-TOU-P	Winter	Generation	Off Peak	0.06248	0.074942	0.07726
	S-TOU-P	Winter	Reservation Charge	Total	0.40740	0.4074	0.42000
S-TOU-T	S-TOU-T	Summer	Generation	On Peak	0.07670	0.089162	0.09192
	S-TOU-T	Summer	Generation	Part Peak	0.06271	0.075165	0.07749
	S-TOU-T	Summer	Generation	Off Peak	0.04420	0.056658	0.05841
	S-TOU-T	Summer	Reservation Charge	Total	0.33950	0.3395	0.35000
	S-TOU-T	Winter	Generation	Part Peak	0.06491	0.077367	0.07976
	S-TOU-T	Winter	Generation	Off Peak	0.05070	0.063157	0.06511
	S-TOU-T	Winter	Reservation Charge	Total	0.33950	0.3395	0.35000
LS-1, LS-2, LS-3, OL-1	SL-1	All	Generation	Total	0.05083	0.084904	0.08753
TC-1	TC-1	All	Generation	Total	0.06692	0.092189	0.09504

Materials Submitted
After Packet
Publication



REDWOOD COAST
EnergyAuthority

Agenda Item 8.1

2018 CCE Program Rate Setting

February 2018

Comparison of Typical Monthly Bills

	E1* Residential		A1X (TOU)** Small Commercial Time of Use		E19*** Large Commercial	
	PG&E	RCEA	PG&E	RCEA	PG&E	RCEA
PG&E Electric Delivery Fees†	\$ 19.51	\$ 19.51	\$ 301.82	\$ 301.82	\$ 2,622.74	\$ 2,567.74
Electric Generation	\$ 27.06	\$ 17.71	\$ 273.71	\$ 205.97	\$ 3,253.51	\$ 2,407.81
Additional PG&E Fees‡	\$ -	\$ 8.54	\$ -	\$ 59.53	\$ -	\$ 748.09
Total	\$ 46.57	\$ 45.76	\$ 575.53	\$ 567.32	\$ 5,876.25	\$ 5,723.64
† Includes transmission, distribution and non-bypassable charges						
‡ Includes PCIA and Franchise Fee						
* Assumes 251 kWh consumption						
** Assumes 2,355 kWh consumption						
*** Assumes 34,554 kWh consumption						

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STAFF REPORT
Agenda Item # 8.2

AGENDA DATE:	February 26, 2018
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Lou Jacobson, Director of Demand Side Management Lori Biondini, Director of Business Development and Planning
SUBJECT:	Public Agency Solar Pilot Program

SUMMARY

RCEA staff have frequently been contacted by public agencies in our service area interested in installing solar power systems to offset load at their facilities. In many cases, and especially at small special districts, staff lack the time, information, and capital necessary to plan, finance, and implement these projects on their own. RCEA staff propose implementing a Public Agency Solar Program pilot, to be supported by net revenues from our Community Choice Energy program, to explore how to meet this need. Staff have had initial conversations with agencies interested in participation in the proposed pilot program and have identified some possible projects.

The proposed pilot would sunset at the end of 2018. Its primary goal will be to serve as a test case for a full-scale, turn-key program that would support local government agencies' adoption of cost saving energy generation projects. Pilot objectives include but are not limited to:

- Exploring solar projects at five to seven public agencies,
- The development of a flexible program design that can be scaled and replicated,
- An end of year evaluation including recommended programmatic next steps.

While the program is intended to deliver solar energy projects, the State of California's "loading order" for energy investment¹ values energy efficiency in facilities above new generation, as efficiency typically offers a higher return on investment, and efficient facilities that have minimized their total load are able to meet that remaining load with smaller, less expensive distributed generation systems. In keeping with this loading order, RCEA intends to incorporate energy efficiency retrofits in the scopes of services where such measures have not already been implemented. To do this, staff will leverage existing energy efficiency and demand response programs, reducing administrative costs and increasing the cost-effectiveness of

¹ See <http://www.energy.ca.gov/2005publications/CEC-400-2005-043/CEC-400-2005-043.PDF>

efficiency and demand response measures. Existing programs include but are not limited to: RCEA's Energy Watch program, and PG&E's Self-Generation Incentive and Custom Retrofit Incentive programs. RCEA staff bring prior experience with these options, which may not be familiar to staff at the local agencies we will support. The pilot will put a premium on program flexibility to ensure it remains capable of bridging to new state and utility programs while remaining non-duplicative.

Additional benefits of the program may include:

- Increasing community investment in distributed energy resources,
- Bringing additional state and federal funds to Humboldt County,
- Promoting industry and community partnerships through collaboration,
- Promoting long-term energy and cost savings through energy literacy,
- Supporting public agencies' efforts to lead by example.

FINANCIAL IMPACT

Staff recommends funding the program at a level of \$170,000 for the remainder of calendar year 2018. This will support the development and implementation of the pilot. Because the program would be funded by CCE program revenues, funding is requested on a calendar year basis to coincide with when PG&E and RCEA generation rates are expected to next be adjusted in January 2019. At that time, available funding for this and other CCE-supported customer programs can be reassessed.

Funding is proposed to be expended as follows.

Category	2018 Amount
RCEA Staff	\$111,080
Contracted Technical Assistance	\$40,000
Travel	\$860
Office	\$1,160
Incidentals	\$1,450
10% Contingency	\$15,450
Total	\$170,000

RECOMMENDED ACTION

Approve establishment of the Pilot Public Agency Solar Program, with initial funding of \$170,000 for the remainder of calendar year 2018.



REDWOOD COAST EnergyAuthority

STAFF REPORT Agenda Item # 8.3

AGENDA DATE:	February 26, 2018
TO:	Board of Directors
PREPARED BY:	Lori Biondini, Director of Business Development and Planning
SUBJECT:	Decision-making Process for CCE-funded Customer Programs

BACKGROUND

The Community Choice Energy (CCE) Program Guidelines adopted by the Board in September 2016 include a budget target allocation of up to \$1,000,000 per year for customer programs. The Board-adopted Guidelines establish four programmatic focus areas, which are summarized in the Guidelines document as follows:

- **Solar and Energy-storage Technical Assistance**
Program emphasis will be on public-agency and community facilities, especially critical infrastructure such as water/wastewater treatment and emergency response.
- **Electric Vehicle Charging Infrastructure**
Supporting the adoption of electric vehicles provides multiple benefits aligned with CCE Program goals: significant reductions in greenhouse gas emission compared to petroleum-powered vehicles; lower \$/mile fuel costs compared to petroleum vehicles, increasing CCE customer-load base, and providing a flexible electricity demand load that has the future potential to be managed to support the integration of renewable energy.
- **Energy Efficiency and Conservation**
New programs that support and enhance the existing programs offered by RCEA, PG&E, the Redwood Community Action Agency, and others.
- **Match funding for State, Federal, and Foundation Energy Grants**
The majority of grant funding opportunities require some level of local match funding, so tagging/reserving a flexible component of the CCE program budget to be available as-needed for use as energy-related grant match funding will support bringing resources into Humboldt County to pursue our community energy goals.

The pilot Public Agency Solar Program proposed in agenda item 8.2 is designed to address the first of the four program areas described above, and RCEA's proposal to the California Energy Commission for planning an EV Ready Community (presented in January's meeting) addresses

bullets two and four. While these are a clear fit for the Board's adopted guidelines, the overall breadth of potential programs that could fit with the four target areas is quite large. For additional program funding allocations in 2018 and into the future, staff recommends that RCEA establish a process to 1) identify program opportunities and needs within the Board-adopted target areas, 2) evaluate and prioritize options to address identified needs and opportunities, and 3) design and budget new program offerings.

Staff request that the Board begin a discussion about establishing a process for CCE customer programs funding and provide direction to staff on factors that can be incorporated into the drafting of a proposed process for consideration by the Board at a future meeting.

RECOMMENDED ACTION

Discuss and provide direction to staff on a process for designing and budgeting CCE-funded customer programs.



REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 9.1

AGENDA DATE:	February 26, 2018
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	Executive Director staff reports

SUMMARY

At the Board Meeting the Executive Director will provide updates on:

- Report on the recent planning workshop put on in Eureka by the Governor's Office of Planning and Research.
- The CA Energy Commission's \$5 million grant award to the Humboldt State University Schatz Energy Research Center for the Humboldt County Airport Microgrid Project, which will be implemented in partnership with RCEA, PG&E, and the County.
- An update on offshore wind energy development efforts, including two informational public "open-house" events scheduled for Monday, March 5, from 4 - 7 p.m. at the Humboldt Bay Social Club at the Samoa Airfield and Tuesday, March 6, from 4 – 7 p.m. at the Plaza Grill view room in Arcata.

RECOMMENDED ACTION

N/A – information only

Materials Submitted
After Packet
Publication



REDWOOD COAST
EnergyAuthority

Agenda Item 9.1

Update on Biomass Impacts

February 2018

Update on DG Fairhaven Start-Up

- Contract called for March 1 start-up
- CAISO has determined a meter validation is needed
- This will delay start-up
- Currently anticipating April 1 start-up if meter validation is successful
- If meter validation is not successful, we will report back to the Board on an estimated start-up date

Board questions from January meeting about RCEA's biomass power procurement

- What are the jobs impacts?
- What are the greenhouse gas emissions impacts?
- What becomes of the mill waste if not used in power plants?

Jobs impact

- Self-reported by the plant operators:
 - HRC @ 13.25 MW = 25 total jobs
 - DG Fairhaven @ 10 MW = 22 total jobs
- Per model used in RePower study, a 10 MW biomass plant should produce:
 - About 10 direct jobs (plant)
 - About 7 indirect jobs (supply chain)
 - About 5 induced jobs (additional economic stimulus)

Greenhouse Gas Emissions Impact

Reporting requirements to state agencies

- Air Resources Board – Mandatory Reporting Regulation, data used for Cap and Trade
- California Energy Commission's Power Source Disclosure Program – power content labels
- California Public Utilities Commission – Integrated Resource Plan
- CPUC/CEC join Emissions Performance Standards restrict procurement from high GHG emitters
- Biogenic and non-biogenic emissions are considered separately in state reporting and regulation

Greenhouse Gas Emissions Impact

Schatz Energy Research Center's
California Biopower Impact (CBI) Project

- \$1 million project funded by California Energy Commission
- Initial model Dec. 2018
- Final report March 2020

Expected to help answer many questions about
local impacts of forest biomass power

Alternative Fates of Mill Waste

- Rough estimate is that RCEA's two biomass power contracts will consume about half the county's mill waste
- Disposing of the waste outside the county implies additional impacts, e.g. emissions from trucking, with the carbon still being emitted elsewhere
- Again, SERC's ongoing study is expected to shed more light on this topic
- RCEA staff will meet with SERC's CBI project staff to learn more about how the study will contribute to understanding of local biomass power impacts and can report back to Board

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REDWOOD COAST **Energy**Authority

STAFF REPORT **Agenda Item # 9.2**

AGENDA DATE:	February 26, 2018
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Director of Power Resources staff report

SUMMARY

At the January Board meeting staff was requested to research and provide the Board with additional background information related to the benefits and impacts associated with local biomass power plants.

Staff is working to compile information and resources on this topic, and the Director of Power Resources will provide the Board with a brief update on these efforts at the meeting.

RECOMMENDED ACTION

N/A – information only

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