

RESOLUTION NO. 22-06-034

RESOLUTION OF THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA (CLEAN POWER ALLIANCE) AUTHORIZING AND APPROVING THE ISSUANCE FOR THE ACCOUNT OF CLEAN POWER ALLIANCE OF ONE OR MORE SURETY BONDS AND THE ENTRY INTO AN INDEMNITY AGREEMENT RELATED TO ANY SUCH SURETY BOND AND DELEGATING AUTHORITY TO THE CLEAN POWER ALLIANCE AUTHORIZED REPRESENTATIVES TO APPROVE THE TERMS OF ANY SUCH SURETY BOND AND TO EXECUTE AND DELIVER SUCH INDEMNITY AGREEMENT AND OTHER DOCUMENTS RELATED THERETO

THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA DOES HEREBY FIND, RESOLVE, AND ORDER AS FOLLOWS:

WHEREAS, Clean Power Alliance of Southern California (formerly known as Los Angeles Community Choice Energy Authority) ("Clean Power Alliance") was formed on June 27, 2017, under the provisions of the Joint Exercise Powers Act of the State of California, Government Code section 6500 *et seq.*;

WHEREAS, Clean Power Alliance is duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California, is duly authorized to transact business, having obtained all necessary filings, governmental licenses and approvals in the State of California, and has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage;

WHEREAS, Clean Power Alliance maintains an office at 801 S. Grand Ave., Suite 400, Los Angeles, CA 90017, and this is the principal office at which it keeps its books and records;

WHEREAS, pursuant to California Public Utilities Code Section 394.25(e), as implemented by the California Public Utilities Commission (the "CPUC"), if a customer of a community choice aggregator ("CCA") is involuntarily returned to service provided by an electrical corporation, any reentry fee imposed on that customer that the CPUC deems is necessary to avoid imposing costs on other customers of the electrical corporation shall be the obligation of the CCA, and as a condition of its registration, a CCA shall post a bond or demonstrate insurance sufficient to cover those reentry fees (the "Financial Security Requirement" or "FSR");

WHEREAS, the FSR applicable to Clean Power Alliance is determined pursuant to Southern California Edison ("SCE") Tariff Rule 23 ("Rule 23") for the six month period from January to June and July to December, respectively, of each year, with the amount

recalculated every six months and the updated amount provided by SCE to the CPUC not later than May 10 and November 10 of each year, and subject to a minimum amount currently equal to \$147,000 (the “Minimum Amount”), and

WHEREAS, for each period prior to July 1, 2022, the FSR applicable to Clean Power Alliance has been equal to the Minimum Amount;

WHEREAS, on May 10, 2022, SCE submitted its Advice Letter 4789-E to CPUC indicating that it had determined the amount of the FSR applicable to Clean Power Alliance for the posting period commencing July 1, 2022, to be \$97,011,591, an increase of \$96,864,591 (“Advice Letter”);

WHEREAS, under Rule 23, the FSR may be met by posting and maintaining with SCE a financial security instrument in the form of a surety bond with terms mutually agreeable to SCE, CCA, and the surety provider, provided that (i) the surety provider has an investment grade rating equivalent to at least an A- by Standard & Poor’s or A3 by Moody’s, (ii) the surety provider is an insurer mutually acceptable to SCE and Clean Power Alliance authorized to issue and hold surety bonds in the State of California, in form, substance and amount satisfactory to SCE, and naming SCE as the beneficiary or recipient of the surety bond, and (iii) if co-sureties are used, the bonds must be issued on a “joint and several” basis;

WHEREAS, although Clean Power Alliance is contesting SCE’s calculation, the Board desires to (i) authorize and approve the issuance of one or more surety bonds (each a “Surety Bond”) by one or more surety providers meeting the requirements of Rule 23, in an aggregate amount not to exceed the FSR, and (ii) authorize the Authorized Representatives, specified below, to execute and deliver an Indemnity Agreement with each surety provider providing for the reimbursement of amounts claimed under the related Surety Bond and in such form as the Authorized Representatives, as defined below in paragraph 1, shall approve as in the best interest of Clean Power Alliance;

NOW, THEREFORE, BE IT DETERMINED, ORDERED, AND RESOLVED BY THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA THAT:

- (1) **AUTHORIZED REPRESENTATIVES.** The following named individuals are the authorized representatives of Clean Power Alliance with the respective titles specified below (collectively referred to as “**Authorized Representatives**” and individually referred to as an “**Authorized Representative**”):

<u>NAMES</u>	<u>TITLES</u>
Diana Mahmud	Chair of the Board
Julian Gold	Chair-Elect of the Board
Ted Bardacke	Chief Executive Officer

David McNeil	Chief Financial Officer
Nancy Whang	General Counsel

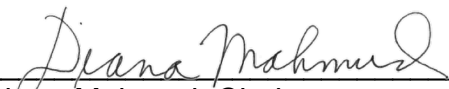
- (2) **DESCRIPTION OF SURETY BOND AND INDEMNITY AGREEMENT.** Any Surety Bond (a) shall be issued for the benefit of SCE by a surety provider meeting the requirements of Rule 23, (b) shall provide for a coverage amount, on a joint and several basis with any other Surety Bond so issued, not exceeding the FSR, and (c) shall contain provisions for payment of claims thereunder that meet the requirements of Rule 23. Any Indemnity Agreement related to a Surety Bond so issued shall provide for the payment of the applicable premium for such Surety Bond, reimbursement on demand of amounts paid under such Surety Bond, with such reimbursement obligation being either unsecured or secured on a subordinate basis and may include such credit covenant or covenants as are mutually agreed by Clean Power Alliance and the surety provider.
- (3) **ACTIONS AUTHORIZED.** Any one of the Authorized Representatives is authorized to (a) approve the issuance of one or more Surety Bonds, (b) execute and deliver an Indemnity Agreement relating thereto containing terms substantially in conformance with those in paragraph 2 and such other terms as the Authorized Representatives shall approve as in the best interest of Clean Power Alliance, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery thereof, and (c) do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as any Authorized Representative may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

IT IS HEREBY FURTHER DETERMINED AND ORDERED that the Authorized Representatives are duly elected, appointed, or employed by or for the Clean Power Alliance, as the case may be. This Resolution now stands of record on the books of the Clean Power Alliance, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

IT IS HEREBY FURTHER DETERMINED AND ORDERED that any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and each provider of a Surety Bond may rely on it until written notice of its revocation shall have been delivered to and received by such provider at its address set forth in the related Indemnity Agreement. Any such notice shall not affect any of the Clean Power Alliance's agreements or commitments in effect at the time notice is given.

IT IS FURTHER DETERMINED AND ORDERED that this Resolution shall take effect upon its passage.

ADOPTED AND APPROVED this 2nd day of June 2022.

By: 
Diana Mahmud, Chair

ATTEST:


Gabriela Monzon, Secretary