

RESOLUTION NO. 20-09-011

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA
TO ESTABLISH THE FISCAL STABILIZATION FUND AND
APPROVE THE FISCAL STABILIZATION FUND POLICY**

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

WHEREAS, the Clean Power Alliance of Southern California (formerly known as Los Angeles Community Choice Energy Authority) ("Clean Power Alliance" or "CPA") was formed on June 27, 2017; and

WHEREAS in February 2019, the Board of Directors (the "Board") adopted Reserve Policy 2019-09, the terms of which, as amended from time to time, provide a policy framework for accumulating and maintaining reserves as part of CPA's annual budget and rate setting processes; and

WHEREAS the Board determined that adequate reserves supports CPA's ability to satisfy working capital requirements, procure energy at competitive rates, adhere to contractual covenants, support the objective of obtaining or maintaining an investment grade credit rating, cover unanticipated expenditures, and support rate stability; and

WHEREAS CPA targets an annual increase in its reserves equal to four percent of revenues to meet its Reserve Policy and other objectives; and

WHEREAS CPA provides service to customers under volatile weather, energy market, economic, and regulatory conditions; and CPA's ability to maintain retail rate stability and competitiveness, while ensuring financial strength, are among CPA's key organizational objectives; and

WHEREAS, the Board finds it reasonable and prudent to establish, designate, and maintain a reserve fund (the "Fiscal Stabilization Fund") to satisfy financial covenants and objectives, rate stabilization, or other such matters, and to have the Fiscal Stabilization Fund be funded by deferred surplus revenues from time to time.

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

1. The Board of Directors hereby establishes a CPA fund designated the "Fiscal Stabilization Fund."
2. The Board of Directors hereby approves Policy No. 16 Fiscal Stabilization Fund to govern the operation of the Fiscal Stabilization Fund.

APPROVED AND ADOPTED this 3rd day of September 2020.

Diana Mahmud
Diana Mahmud (Sep 10, 2020 10:13 PDT)

Diana Mahmud, Chair

ATTEST:

Gabriela Monzon

Gabriela Monzon, Secretary