

**DAN TITUS**  
**ALTA LOMA, CALIFORNIA**  
[futurearthus@gmail.com](mailto:futurearthus@gmail.com)  
April 4, 2017

Board of Directors – Meeting: Agenda Item 16, April 5, 2017  
San Bernardino County Transportation Authority  
San Bernardino Council of Governments  
1170 West 3rd Street  
San Bernardino, CA 92410-1715

Transmitted via email to: ClerkoftheBoard@gosbcta.com

**Subject: Inland Choice Power Community Choice Aggregation Business Plan – Fatal Flaws**

Dear Board,

The Inland Choice Power (ICP) Community Choice Aggregation Business Plan document contains fatal flaws for the program, which negates the feasibility of establishing a CCA.

**ICP assumes \$1.25 billion of debt**

The Business Plan's proforma tables identify that ICP CCA assumes \$1.25 billion of non-bypassable charges (Exit Fees, Cost Responsibility Surcharges, and Bond Costs) through 2036 that are levied by Southern California Edison. Even one-tenth of this sum is a huge debt burden for any upstart.

**There is no consumer guarantee by ICP to pay all consumer costs that it triggers**

ICP makes no warranty that it will pay exit fee costs that it triggers when automatically switching consumers into its program. It should be noted that Marin Clean Energy (MCE) did commit to pay all of its own consumer costs in 2010 before renegeing on its pledge 9-months after business launch. MCE offloaded its exit fee liability onto consumers in exchange for a temporary rate reduction that vanished when MCE subsequently raised its prices.<sup>1</sup>

**ICP's success based upon inaccurate Opt Out claim**

ICP's financial model is based upon customer participation projections that are wrong. Page 24 of the Business Plan states that Phase 2 (largest enrollment phase) assumes a 25% Opt Out, and that "These opt-out assumptions are *conservative estimates* [emphasis added] when compared to participation rates in other CCAs." However, MCE's Opt Out numbers were 30%, a sizable amount considering that MCE had previously experienced a 20% Opt Out rate.<sup>2</sup> This is all the more troubling when considering that ICP's *conservative* "Domestic" ratepayer class *assumption* represents 50% of ICP's total revenue.

---

<sup>1</sup> Marin County utility rate analyst Jim Phelps letter to MCE Chair Chas. McGlashan, dated February 18, 2011, Subject: MEA's (MCE's) Illusory 14% Rate Reduction / Elimination of Energy Credit.

<sup>2</sup> MCE Integrated Resource Plan, November 2012, page 7 and 8. Phase 2B.