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May 19, 2011

The Honorable Isadore Hall III
California State Assembly
State Capitol, Room 3123
Sacramento, CA 95814

RE: AB 976 (Hall) – Public contracts: consulting services: community choice aggregators
Position: OPPOSE

Dear Mr. Hall:

The Kings River Conservation District (KRCD) regrets to inform you of our OPPOSE position on your bill, AB 976, an act to add Section 1090.2 to the Government Code, relating to public contracts.

KRCD is a public agency responsible for flood control, energy generation, environmental programs and on-farm and groundwater management. KRCD is actively involved in regional power issues and is a key player in the ongoing development of a Community Choice Aggregation (CCA) program in the central San Joaquin Valley through participation in the San Joaquin Valley Power Authority.

This bill creates a new barrier to the formation of any CCA programs. AB 976 would make the implementation of a CCA program virtually impossible by prohibiting local governments from entering into any contract with potential providers of electricity or energy services prior to the commencement of service to customers. This would prevent, for example, the creation of a power purchase agreement with a power supplier that would then be used to serve the power needs of the CCA when services commence. Clearly, it is not possible to begin serving customers without having a power supply agreement in place in advance.

CCA programs are public agencies subject to Section 1090 of the California Government Code regulating public contracting and the Ralph M. Brown Act providing transparency in government. There is no reason a CCA program should be held to a standard different from the other public agencies in the state. This attempt to curtail a local government's ability to exercise its rights under state law to establish and operate a CCA program should not be permitted.

Therefore, KRCD regretfully must oppose your bill, AB 976, as it would handicap any CCA efforts around the state, diminishing the promise that CCA programs offer to stimulate market competition. Please contact me at (559) 237-5567 if you have any questions.

Sincerely,

David Orth, General Manager

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cc: Honorable Members of the Assembly
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