



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**FILED**

10/08/18  
04:59 PM

Order Instituting Rulemaking to Continue )  
Implementation and Administration, and Consider )  
Further Development, of California Renewables )  
Portfolio Standard Program. )  
\_\_\_\_\_ )

Rulemaking 18-07-003

**UPDATED 2018 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN  
OF LANCASTER CHOICE ENERGY**

Cathy DeFalco  
Executive Director of  
Lancaster Choice Energy  
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Dated: October 8, 2018

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**UPDATED 2018 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN  
OF LANCASTER CHOICE ENERGY**

**I. INTRODUCTION**

In accordance with the California Public Utilities Commission’s (“Commission”) June 21, 2018 *Assigned Commissioner and Assigned Administrative Law Judge’s Ruling Identifying Issues and Schedule of Review for 2018 Renewables Portfolio Standard Procurement Plans* (“ACR”) and the September 19, 2018 *E-Mail Ruling Ordering All Investor-Owned Utilities, Community Choice Aggregators, and Electric Service Providers to File and Serve Updates to Their Draft 2018 Renewable Portfolio Standard Procurement Plans to Address Senate Bill 100* (“SB 100 Ruling”), the City of Lancaster (“LCE”) hereby submits this Updated 2018 Renewables Portfolio Standard Procurement Plan (“RPS Procurement Plan”). The E-mail Ruling of Administrative Law Judge (“ALJ”) Mason, dated July 9, 2018, granted motions to update RPS Procurement Plans and set a deadline of September 28, 2018 for filing the updated RPS Procurement Plans. The deadline for filing updated procurement plans was extended to October 8, 2018 by the *E-Mail Ruling Granting, in part, Request of Investor-Owned Utilities, Community Choice Aggregators, and Electric Service Providers for an Extension of Time to File and Serve Updates to 2018 RPS Plans*, dated September 24, 2018. As directed by the ACR and the SB 100 Ruling, this RPS Procurement Plan includes responses for the issues expressed in ACR sections

5.1-5.8 and 5.11-5.13.

LCE notes that certain issues and requests in these ACR sections apply to the other retail sellers (electrical corporations and electric service providers), and do not extend to Community Choice Aggregators (“CCAs”). LCE is nevertheless voluntarily responding to these ACR sections in the interest of transparency and in order to collaborate with the Commission. The submission of this RPS Procurement Plan pursuant to the ACR, however, should not be construed as a waiver of the right to assert that components of Senate Bill (“SB”) 350 or in Commission decisions and rulings on RPS Procurement Plan submittals, do not extend to CCAs, and LCE reserves the right to challenge any such assertion of jurisdiction over these matters.

SB 100 was signed by the Governor on September 10, 2018, and has an effective date of January 1, 2019. SB 100 increases the RPS procurement requirements to 44 percent by December 31, 2024, 52 percent by December 31, 2027, and 60 percent by December 31, 2030. The SB 100 Ruling directs all Investor-Owned Utilities (“IOUs”), Electric Service Providers (“ESPs”), and CCAs to file and serve updates to their 2018 Renewables Portfolio Standard Procurement Plans to address SB 100. As a local governmental agency, LCE’s procurement planning activities are subject to and overseen by its Governing Board, through an open and public process. In light of the fact that SB 100 was only recently signed and is not yet effective, LCE has not had an opportunity to present updated planning recommendations to its Governing Board. Therefore, this updated procurement plan does not include any substantive changes. However, as a member of CalCCA, LCE actively supported SB 100 and fully intends to meet the increased procurement requirements.

## **II. RPS PROCUREMENT PLAN**

### **5.1 Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A)**

By way of background, LCE is California's third operating CCA program, serving approximately 51,000 customers within the City of Lancaster, California (the "City"). LCE commenced CCA service in May 2015 and annually serves approximately 600 gigawatt hours of residential and commercial electric load within the City.

LCE has entered into multiple power supply agreements, which will contribute to its RPS compliance over the upcoming twenty-year period. The exact portfolio characteristics selected may vary depending on legislative and policy changes, technological improvements, preferences of the City, or other developments. To manage this future uncertainty, LCE examines and estimates supply and customer demand, and will structure its future procurement efforts to balance customer demand with requisite resource commitments. This examination of customer demand and other market developments will help reduce costs and assist in meeting planned procurement for the period in the 2018 RPS Procurement Plan. LCE will also consider the deliverability characteristics of its future generating resources placed under contract (such as the resource's dispatchability, available capacity and typical production patterns) and will review the respective risks associated with short- and long-term purchases as part of its forecasting and procurement processes. These efforts will lead to a more diverse resource mix, address grid integration issues, and provide value to the local community. A quantitative description of this forecast is attached to the RPS Procurement Plan in Appendix A.

### **5.2 Project Development Status Update - § 399.13(a)(5)(D)**

LCE does not have any renewable energy supply agreements with facilities that are not yet in commercial operation.

### **5.3 Potential Compliance Delays - § 399.13(a)(5)(B)**

LCE does not anticipate any compliance delays for this compliance period. If a future compliance issue is identified, then LCE will address those issues and then describe them in a subsequent RPS Procurement Plan.

### **5.4 Risk Assessment - § 399.13(a)(5)(F)**

LCE does not anticipate any particular development risk associated with its existing renewable energy supply commitments, but the possibility always exists that future renewable energy supply will not be delivered as required under the respective contract. As noted in Section 399.13(a)(5)(A), and the ACR, generation variability and resource availability may impact the amount of future electricity delivered. LCE considers this potential risk in forecasting as well as during procurement review and decision-making.

### **5.5 Quantitative Information - §§ 399.13(a)(5)(A), (B), (D) and (F)**

LCE has provided a quantitative assessment to support the qualitative descriptions provided in this RPS Procurement Plan, which is attached as Appendix A. Pursuant to the direction in the SB 100 Ruling, LCE changed the RPS Procurement Quantity Requirement (Row 7) for the years 2021-2030 to reflect the increased requirements of SB 100. Because the Commission has not adopted a Decision implementing the new procurement quantity requirements as amended by SB 100, LCE has estimated the applicable annual percentages based on the methodology used by the Commission in D.16-12-040.

### **5.6 Minimum Margin of Procurement - §399.13(a)(4)(D)**

Presently, the renewable energy procurement policy that has been adopted by LCE's Governing Board targets a minimum 35 percent renewable portfolio objective for LCE's default service offering, which has been named "Clear Choice." For the time being, LCE's renewable

energy procurement policy incorporates a certain margin of over-procurement, as the adopted minimum renewable procurement targets exceeds currently applicable procurement mandates. As the RPS procurement mandate increases over time (beyond 35 percent), LCE will similarly increase its targeted proportion of renewable energy procurement to coincide with the prevailing procurement mandate. In particular, for calendar year 2021 (and beyond), when California's RPS procurement mandate reaches 35 percent (and increases in subsequent calendar years), LCE has not yet established explicit guidelines regarding its intended margin of over-procurement for requisite renewable energy supply. Staff assumes that, subject to Governing Board approval, the eventual margin of over-procurement adopted by LCE may consider a variety of factors, including but not limited to, the operational status of prospective renewable energy facilities to be placed under contract, the experience and general development track record of each project development team (associated with new resources), resource size (capacity), and the location of prospective generating resources (for new facilities). Such considerations, amongst others, will be evaluated by LCE in determining whether and to what extent a margin of over-procurement should be imputed in its planning process. To the extent that LCE anticipates planning risk related to its anticipated renewable energy contract commitments, it will determine an appropriate margin of over procurement. After LCE's Governing Board engages in additional discussion regarding this concern and adopts related policy guidelines, such information will be communicated in a future RPS Procurement Plan.

**5.7 Bid Solicitation Protocol, Including Least-Cost Best Fit Methodologies  
- § 399.13(a)(5)(C) and D.04-07-029**

Consistent with Section 399.13(a)(5)(C), LCE conducts bid solicitations for procuring requisite energy resources that are intended to identify available eligible renewable energy resources (reflecting locational preferences, when applicable, for such resources), generating

capacity, and required online dates to assist in determining what resources fit best within LCE's supply portfolio. Since CCA program governing boards are comprised of local elected officials, these solicitation and procurement decisions are overseen by elected representatives of the community. These solicitation and procurement decisions seek to comply with locally-set targets that tend to exceed the RPS requirement and provide value to the community by focusing on carbon-free resources.

#### **5.8 Consideration of Price Adjustment Mechanisms - § 399.13(a)(5)(E)**

In the future, and consistent with SB 350 and SB 100, LCE will review the prospects of incorporating price adjustments in contracts with online dates more than 24 months after the date of contract execution. As noted in the ACR, such price adjustments could include price indexing to key components or to the Consumer Price Index.

#### **5.10 Cost Quantification**

LCE is currently considering voluntarily submitting cost quantification data to Commission Staff through an informal filing, subject to further guidance from the Commission on the ability of a CCA to submit the requested data under seal.

#### **5.11 Important Changes to Plans Noted**

LCE has no important changes to note from its prior plan.

#### **5.12 Redlined Copy of Plans Required**

LCE has attached a redline copy of its prior plan.

#### **5.13 Safety Considerations**

LCE holds safety as a top priority. There are no unique safety issues related to LCE's procurement of resources. Since LCE does not own, operate, or control generation facilities, there are no present safety considerations to report.

Dated: October 8, 2018

Respectfully submitted,

/s/ Cathy DeFalco

Cathy DeFalco  
Executive Director of  
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**APPENDIX A**  
**QUANTITATIVE RESPONSE**

# Renewable Net Short Calculations - 2018 RPS Procurement Plans

Lancaster Choice Energy

8-Oct-18

Input required

No input required

Hard-coded

Variable	Calculation	Item	Deficit from RPS prior to Reporting Year	2011 Actual	2012 Actual	2013 Actual	2011-2013	2014 Actual	2015 Actual	2016 Actual
		Forecast Year					CPI			
		<b>Annual RPS Requirement</b>								
A		Total Retail Sales					-		134	589
B		RPS Procurement Quantity Requirement (%)		20.0%	20.0%	20.0%		21.7%	23.3%	25.0%
C	A*B	Gross RPS Procurement Quantity Requirement (GWh)		-	-	-	-	-	31	147
D		Voluntary Margin of Over-procurement							18	82
E	C+D	Net RPS Procurement Need (GWh)		-	-	-	-	-	49	229
		<b>RPS-Eligible Procurement</b>								
Fa		Risk-Adjusted RECs from Online Generation							49	229
Faa		Forecast Failure Rate for Online Generation (%)							0.0%	0.0%
Fb		Risk-Adjusted RECs from RPS Facilities in Development							-	-
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)							0.0%	0.0%
Fc		Pre-Approved Generic RECs							-	-
Fe		Executed REC Sales							-	-
F	Fa+Fb+Fc-Fe	Total RPS Eligible Procurement (GWh)		-	-	-	-	-	49	229
F0		Category 0 RECs <sup>3</sup>							-	-
F1		Category 1 RECs <sup>3</sup>							18	107
F2		Category 2 RECs <sup>3</sup>							6	33
F3		Category 3 RECs <sup>3</sup>							25	90
		<b>Gross RPS Position (Physical Net Short)</b>								
Ga	F-E	Annual Gross RPS Position (GWh)		-	-	-	-	-	-	-
Gb	F/A	Annual Gross RPS Position (%)		0%	0%	0%	0%	0%	36%	39%
		<b>Application of Bank</b>								
Ha		Existing Banked RECs above the PQR							-	-
Hb		RECs above the PQR added to Bank							-	-
Hc		Non-bankable RECs above the PQR							-	-
H	Ha+Hb	Gross Balance of RECs above the PQR		-	-	-	-	-	-	-
Ia		Planned Application of RECs above the PQR towards RPS Compliance							-	-
Ib		Planned Sales of RECs above the PQR							-	-
J	H-Ia-Ib	Net Balance of RECs above the PQR		-	-	-	-	-	-	-
J0		Category 0 RECs							-	-
J1		Category 1 RECs							-	-
J2		Category 2 RECs							-	-
		<b>Expiring Contracts</b>								
K		RECs from Expiring RPS Contracts							49	229
		<b>Net RPS Position (Optimized Net Short)</b>								
La	Ga+Ia-Ib-Hc	Annual Net RPS Position after Bank Optimization (GWh)		-	-	-	-	-	-	-
Lb	(F+Ia-Ib-Hc)/A	Annual Net RPS Position after Bank Optimization (%)		0%	0%	0%	0%	0%	36%	39%

Note: Values are to be shown in GWhs

# Renewable Net Short Calculations - 2018 RPS Procurement Plans

## Lancaster Choice Energy

8-Oct-18

Variable	Calculation	Item	2014-2016	2017 Actual	2018 Forecast	2019 Forecast	2020 Forecast	2017-2020	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
		Forecast Year	CP2		1	2	3	CP3	4	5	6	7
<b>Annual RPS Requirement</b>												
A		Total Retail Sales	723	591	597	600	603	2,392	606	609	612	615
B		RPS Procurement Quantity Requirement (%)		27.0%	29.0%	31.0%	33.0%		35.8%	38.5%	41.3%	44.0%
C	A*B	Gross RPS Procurement Quantity Requirement (GWh)	178	160	173	186	199	718	217	235	253	271
D		Voluntary Margin of Over-procurement	100	62	40	28	16	84	18	18	18	18
E	C+D	Net RPS Procurement Need (GWh)	278	221	213	214	215	802	235	253	271	289
<b>RPS-Eligible Procurement</b>												
Fa		Risk-Adjusted RECs from Online Generation	278	221	205	145	29	600	29	29	29	28
Faa		Forecast Failure Rate for Online Generation (%)		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%
Fb		Risk-Adjusted RECs from RPS Facilities in Development	-	-	-	-	-	-	-	-	-	-
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%
Fc		Pre-Approved Generic RECs	-	-	8	69	186	263	206	224	243	261
Fe		Executed REC Sales	-	-	-	-	-	-	-	-	-	-
F	Fa+Fb+Fc-Fe	Total RPS Eligible Procurement (GWh)	278	221	213	214	215	863	235	253	271	289
F0		Category 0 RECs <sup>3</sup>	-	-	-	-	-	-	-	-	-	-
F1		Category 1 RECs <sup>3</sup>	125	130	130	85	29	375	29	29	29	28
F2		Category 2 RECs <sup>3</sup>	38	25	24	22	-	70	-	-	-	-
F3		Category 3 RECs <sup>3</sup>	115	65	51	38	-	154	-	-	-	-
<b>Gross RPS Position (Physical Net Short)</b>												
Ga	F-E	Annual Gross RPS Position (GWh)	-	-	0	(0)	-	62	-	-	-	-
Gb	F/A	Annual Gross RPS Position (%)	39%	37%	36%	36%	36%	36%	39%	42%	44%	47%
<b>Application of Bank</b>												
Ha		Existing Banked RECs above the PQR		-	-	-	-	-	-	-	-	-
Hb		RECs above the PQR added to Bank		-	-	-	-	-	-	-	-	-
Hc		Non-bankable RECs above the PQR		-	-	-	-	-	-	-	-	-
H	Ha+Hb	Gross Balance of RECs above the PQR	-	-	-	-	-	-	-	-	-	-
Ia		Planned Application of RECs above the PQR towards RPS Compliance		-	-	-	-	-	-	-	-	-
Ib		Planned Sales of RECs above the PQR		-	-	-	-	-	-	-	-	-
J	H-Ia-Ib	Net Balance of RECs above the PQR	-	-	-	-	-	-	-	-	-	-
J0		Category 0 RECs		-	-	-	-	-	-	-	-	-
J1		Category 1 RECs		-	-	-	-	-	-	-	-	-
J2		Category 2 RECs		-	-	-	-	-	-	-	-	-
<b>Expiring Contracts</b>												
K		RECs from Expiring RPS Contracts	278	192	176	116	-	484				
<b>Net RPS Position (Optimized Net Short)</b>												
La	Ga+Ia-Ib-Hc	Annual Net RPS Position after Bank Optimization (GWh)	-	-	0	(0)	-	62	-	-	-	-
Lb	(F+Ia-Ib-Hc)/A	Annual Net RPS Position after Bank Optimization (%)	39%	37%	36%	36%	36%	36%	39%	42%	44%	47%

Note: Values are to be shown in GWhs

# Renewable Net Short Calculations - 2018 RPS Procurement Plans

## Lancaster Choice Energy

8-Oct-18

Variable	Calculation	Item	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
		Forecast Year	8	9	10	11	12	13
<b>Annual RPS Requirement</b>								
A		Total Retail Sales	619	622	625	628	631	634
B		RPS Procurement Quantity Requirement (%)	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
C	A*B	Gross RPS Procurement Quantity Requirement (GWh)	289	306	325	343	362	381
D		Voluntary Margin of Over-procurement	19	19	19	19	19	19
E	C+D	Net RPS Procurement Need (GWh)	307	325	344	362	381	400
<b>RPS-Eligible Procurement</b>								
Fa		Risk-Adjusted RECs from Online Generation	28	28	28	28	28	28
Faa		Forecast Failure Rate for Online Generation (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fb		Risk-Adjusted RECs from RPS Facilities in Development	-	-	-	-	-	-
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fc		Pre-Approved Generic RECs	279	297	316	334	353	372
Fe		Executed REC Sales	-	-	-	-	-	-
F	Fa+Fb+Fc-Fe	Total RPS Eligible Procurement (GWh)	307	325	344	362	381	400
F0		Category 0 RECs <sup>3</sup>	-	-	-	-	-	-
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F2		Category 2 RECs <sup>3</sup>	-	-	-	-	-	-
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<b>Gross RPS Position (Physical Net Short)</b>								
Ga	F-E	Annual Gross RPS Position (GWh)	-	-	-	-	-	-
Gb	F/A	Annual Gross RPS Position (%)	50%	52%	55%	58%	60%	63%
<b>Application of Bank</b>								
Ha		Existing Banked RECs above the PQR	-	-	-	-	-	-
Hb		RECs above the PQR added to Bank	-	-	-	-	-	-
Hc		Non-bankable RECs above the PQR	-	-	-	-	-	-
H	Ha+Hb	Gross Balance of RECs above the PQR	-	-	-	-	-	-
Ia		Planned Application of RECs above the PQR towards RPS Compliance	-	-	-	-	-	-
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La	Ga+Ia-Ib-Hc	Annual Net RPS Position after Bank Optimization (GWh)	-	-	-	-	-	-
Lb	(F+Ia-Ib-Hc)/A	Annual Net RPS Position after Bank Optimization (%)	50%	52%	55%	58%	60%	63%

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**APPENDIX B**

**REDLINE COPY OF PRIOR RPS PROCUREMENT PLAN**

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Rulemaking [18-07-00315-](#)  
~~02-020~~  
~~(Filed February 26, 2015)~~

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OF LANCASTER CHOICE ENERGY**

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Executive Director of  
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Dated: [October 8, 2018](#)~~August 20, 2018~~

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Further Development, of California Renewables	)	<a href="#">02-020</a>
Portfolio Standard Program.	)	<del>(Filed February 26, 2015)</del>
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### **5.5 Quantitative Information - §§ 399.13(a)(5)(A), (B), (D) and (F)**

LCE has provided a quantitative assessment to support the qualitative descriptions provided in this RPS Procurement Plan, which is attached as Appendix A. [Pursuant to the direction in the SB 100 Ruling, LCE changed the RPS Procurement Quantity Requirement \(Row 7\) for the years 2021-2030 to reflect the increased requirements of SB 100. Because the Commission has not adopted a Decision implementing the new procurement quantity requirements as amended by SB 100, LCE has estimated the applicable annual percentages based on the methodology used by the Commission in D.16-12-040.](#)

### **5.6 Minimum Margin of Procurement - §399.13(a)(4)(D)**

Presently, the renewable energy procurement policy that has been adopted by LCE's Governing Board targets a minimum 35 percent renewable portfolio objective for LCE's default service offering, which has been named "Clear Choice." For the time being, LCE's renewable

energy procurement policy incorporates a certain margin of over-procurement, as the adopted minimum renewable procurement targets exceeds currently applicable procurement mandates. As the RPS procurement mandate increases over time (beyond 35 percent), LCE will similarly increase its targeted proportion of renewable energy procurement to coincide with the prevailing procurement mandate. In particular, for calendar year 2021 (and beyond), when California's RPS procurement mandate reaches 35 percent (and increases in subsequent calendar years), LCE has not yet established explicit guidelines regarding its intended margin of over-procurement for requisite renewable energy supply. Staff assumes that, subject to Governing Board approval, the eventual margin of over-procurement adopted by LCE may consider a variety of factors, including but not limited to, the operational status of prospective renewable energy facilities to be placed under contract, the experience and general development track record of each project development team (associated with new resources), resource size (capacity), and the location of prospective generating resources (for new facilities). Such considerations, amongst others, will be evaluated by LCE in determining whether and to what extent a margin of over-procurement should be imputed in its planning process. To the extent that LCE anticipates planning risk related to its anticipated renewable energy contract commitments, it will determine an appropriate margin of over procurement. After LCE's Governing Board engages in additional discussion regarding this concern and adopts related policy guidelines, such information will be communicated in a future RPS Procurement Plan.

**5.7 Bid Solicitation Protocol, Including Least-Cost Best Fit Methodologies  
- § 399.13(a)(5)(C) and D.04-07-029**

Consistent with Section 399.13(a)(5)(C), LCE conducts bid solicitations for procuring requisite energy resources that are intended to identify available eligible renewable energy resources (reflecting locational preferences, when applicable, for such resources), generating

capacity, and required online dates to assist in determining what resources fit best within LCE's supply portfolio. Since CCA program governing boards are comprised of local elected officials, these solicitation and procurement decisions are overseen by elected representatives of the community. These solicitation and procurement decisions seek to comply with locally-set targets that tend to exceed the RPS requirement and provide value to the community by focusing on carbon-free resources.

### **5.8 Consideration of Price Adjustment Mechanisms - § 399.13(a)(5)(E)**

In the future, and consistent with SB 350 [and SB 100](#), LCE will review the prospects of incorporating price adjustments in contracts with online dates more than 24 months after the date of contract execution. As noted in the ACR, such price adjustments could include price indexing to key components or to the Consumer Price Index.

### **5.10 Cost Quantification**

LCE is currently considering voluntarily submitting cost quantification data to Commission Staff through an informal filing, subject to further guidance from the Commission on the ability of a CCA to submit the requested data under seal.

### **5.11 Important Changes to Plans Noted**

LCE has no important changes to note from its prior ~~year's~~ plan.

### **5.12 Redlined Copy of Plans Required**

LCE has attached a redline copy of [its prior](#) ~~last year's~~ pPlan.

### **5.13 Safety Considerations**

LCE holds safety as a top priority. There are no unique safety issues related to LCE's procurement of resources. Since LCE does not own, operate, or control generation facilities, there are no present safety considerations to report.

Dated: October 8, 2018~~August 20, 2018~~

Respectfully submitted,

/s/ Cathy DeFalco

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## VERIFICATION

I, Cathy DeFalco, am authorized to make this Verification on behalf of Lancaster Choice Energy. I declare under penalty of perjury that the statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

Executed on October 8, 2018 at Lancaster, California.

/s/ Cathy DeFalco

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