

IID

A century of service.

www.iid.com

Since 1911

July 18, 2024

Chris Escobedo
City of Palm Desert
Palm Desert City Hall
73510 Fred Waring Dr.
Palm Desert, CA 92260
Email: cescobedo@palmdesert.gov

Re: Commitment for Participation in the Funding and Reservation of Capacity regarding proposed new Thousand Palms Substation (Cook Street)

Dear Mr. Escobedo:

As you may be aware, in response to the need for new electric distribution infrastructure to serve anticipated growth and development in and around the convergence of the jurisdictional boundaries of the Cities of Rancho Mirage, Palm Desert and the unincorporated area of Thousand Palms, California, the Imperial Irrigation District ("IID") is facilitating the preparation of two principal agreements which provide for the full and complete funding of a new electrical distribution substation along a segment of Cook Street in the unincorporated area of Thousand Palms, California (the "Substation"). The scope of the Substation and all related components or elements thereof, as well as the anticipated funding and scheduling requirements therefor are more fully set forth on that certain "New Substation for Thousand Palms, Palm Desert, Rancho Mirage and Classic Club Development "Expanded Option Concept" DRAFT, dated 06-25-2024 (the "Concept Presentation"), a copy of which is attached hereto as Exhibit "A" and which is incorporated herein by this reference. The ultimate funding, construction and commissioning of the Substation is conditioned upon the provision of an appropriate site therefor, the terms, conditions and specifications for which will be more fully set forth in one or more of the two principal agreements.

The two principal agreements necessary to facilitate the full and complete funding of the Substation are anticipated to be as follows:

Engineering and Procurement Agreement. The Engineering and Procurement Agreement ("E&P Agreement") will provide for the initial funding of all required long lead-time equipment and materials necessary for construction of the Substation. Due to supply chain interruptions and increased national demand for new electrical equipment and materials, the Substation transformers and other long lead-time equipment and materials necessary for the construction of the Substation are currently anticipated to require thirty to thirty-six (30-36) months for delivery from the date of order and payment of the initial deposit required. The initial deposit requirements for all necessary long lead-time

equipment and materials for the Substation is estimated to be Four Million Eight Hundred Thousand Dollars (\$4,800,000.00) (the "Initial Deposit"). A schedule of the long lead-time equipment and materials necessary for construction of the Substation is attached hereto.

1) as Exhibit "B" and incorporated herein by this reference. The Initial Deposit represents only the portion of the costs necessary to place initial orders for all long lead-time equipment necessary for the complete construction and commissioning of the Substation to maintain compliance with the anticipated schedule therefor. The total anticipated cost of all long lead, time equipment is Nine Million Nine-Hundred Fifty Thousand Dollars (\$9,950,000.00) and is expected to be funded by the participants pursuant to the Funding and Reservation Agreement together with the balance of all required funder for the complete construction and commissioning of the Substation. The Funding and Reservation Agreement will set forth the milestone dates by which all required funding will be paid by the participants.

Participation in the E&P Agreement is not mandatory, nor is participation a required condition precedent to any party's participation in the Funding and Reservation of Capacity Agreement for Proposed Thousand Palms Substation (Cook Street) as the same is more fully described below.

2) Funding and Reservation of Capacity Agreement for Thousand Palms New Substation Concept (Cook Street). The Funding and Reservation of Capacity Agreement for Thousand Palms New Substation Concept (Cook Street) (the "Funding and Reservation Agreement") will provide for the full and complete funding, acquisition, design, engineering, construction and commissioning of the Substation, as well as a pro rata allocation of capacity therein to all Participants which are parties to said agreement or otherwise fully and completely fund the costs of the Substation. Due to supply chain interruptions and increased national demand for new electrical equipment and materials necessary for the construction of the Substation, IID anticipates the Substation construction completion to be approximately thirty-six (36) months from the date of initial funding of the long lead-time equipment pursuant to the E&P Agreement. The total, good faith, high level cost-estimate for the complete construction of the Substation and commission thereof is currently estimated to be approximately Twenty-Seven Million, Nine Hundred Sixty-Five Thousand, Three Hundred Fifty-Seven Dollars and Eighty Cents (\$27,965,357.80). The anticipated location, configuration and general schematic of the Substation and related infrastructure are set forth more fully in the Concept Presentation.

The foregoing principal agreements provide only for the full and complete funding of the Substation and limited distribution infrastructure (i.e. substation getaways). Each participant will be required to directly facilitate, including payment of all costs and fees therefor, any distribution infrastructure, including any poles, wires, cables, conduits, structures or such other equipment as may be required for the provision of electric service to such participant or participant project, including installation of such infrastructure from such point or points as IID may identify as necessary or appropriate to accommodate and provide such electric service. IID's good-faith, high-level cost estimate with respect to certain anticipated electrical distribution feeder circuits infrastructure from the Substation,

including the anticipated routing and configuration thereof, are as shown and depicted in the Concept Presentation.

Commitment to Participate in E&P Agreement

If you or your organization desires to participate in the E&P Agreement, including participation in the initial funding for required long lead-time equipment and materials necessary to construct the Substation, please indicate so in the space provided below, together with the amount of funding you or your organization wish to contribute thereto.

I/WE Desire to Participate in the E&P Agreement (circle one)	I/WE Desire to Participate in the initial funding of the E&P Agreement in the following amount of (\$876,000.00) assuming all participants contribution.	I/WE have all due authorization and/or authority to make the foregoing commitment to participate in the E&P Agreement and to participate in the initial funding of the E&P Agreement in the amount set forth herein.
<p align="center">YES</p> <p align="center">NO</p>	<p align="center">\$</p>	<p>By: _____</p> <p>Its: _____</p>

Commitment to Participate in Funding and Reservation Agreement

If you or your organization desire to participate in the Funding and Reservation Agreement, including participation, on a pro rata basis, in the full and complete funding of the cost of the Substation and to receive therewith a prorata reservation of electrical capacity from the Substation, please indicate so in the space provided below. Please be advised that though participation in the Funding and Reservation Agreement is not required for a project to be eligible for electric service from the Substation once constructed, however, absent participation in the Funding and Reservation Agreement, capacity from the Substation to facilitate electric service to a non-participating project will be subject to prior reservations in favor of those projects which do participate in the Funding and Reservation Agreement as well as general electrical capacity limitations from other non-participating projects which may utilize such capacity (if any). Therefore, if you or your project require electric capacity to facilitate new electrical service, participation in in the Funding and Reservation Agreement is highly encouraged.

I/WE Desire to Participate, on a pro rata basis, in the Funding and Reservation Agreement (circle one)	I/WE Desire to Participate, on a pro rata basis, in the Funding and Reservation Agreement in the following amount of electrical capacity (14.597 MVA)	I/WE have all due authorization and/or authority to make the foregoing commitment to participate, on a pro rata basis, in the Funding and Reservation Agreement and to participate in the full and complete funding under the Funding and Reservation Agreement set forth herein.
<p style="text-align: center;">YES</p> <p style="text-align: center;">NO</p>	<p>_____ MVA</p>	<p>By: _____</p> <p>Its: _____</p>

IID appreciates the opportunity to facilitate the opportunity to bring expanded electrical infrastructure opportunities to the region and looks forward to making the construction and commissioning of the Substation a success. Notwithstanding, nothing contained herein should be interpreted or otherwise construed as a commitment of IID to provide or otherwise accommodate electrical service to you or your project and that the provision of electrical service to you or your project remains conditioned upon the full and complete funding, construction and commissioning of the Substation as well as compliance with all applicable IID rules, regulations, plans and specifications which are available for review on IID's website (www.iid.com). IID reserves the right to modify any plans or specifications regarding the Substation or any element thereof as well as to any anticipated electrical distribution feeder circuit infrastructure as IID may deem appropriate, including as may be necessary to comply with applicable laws, rules or regulations.

Please feel free to contact my office should you have any questions or concerns regarding this communication and/or return of any counter-signed commitments made hereby no later than July 31, 2024. Failure to indicate your desire to participate in one or both of the above-referenced agreements may preclude the provision of electrical service to you or your project until such time as additional electrical infrastructure required to provide such electric service is fully funded, constructed and commissioned.

Sincerely,

Barraza,
Guillermo

Digitally signed by Barraza, Guillermo
DN: dc=com, dc=iid, ou=Enterprise,
ou=Energy, ou=Energy Planning and
Engineering, ou=Energy Distribution
Planning Engineering and Customer
Operations, ou=Energy Distribution
Planning and Engineering, cn=Barraza,
Guillermo, email=gbarraza@iid.com
Date: 2024.07.18 16:35:29 -07'00'

Guillermo Barraza
Manager of Customer Operations & Maintenance

Cc: Matthew Smelser, Energy Manager
Mario Escalera, Manager Operations & Energy Infrastructure
Geoffrey P. Holbrook, General Counsel

EXHIBIT "A"

CONCEPT PRESENTATION

New Substation for Thousand Palms, Palm Desert, Rancho Mirage and Classic Club Development

"Expanded Option Concept" DRAFT

06-25-2024



www.iid.com

1

NEW SUBSTATION FOR THOUSAND PALMS, PALM DESERT, RANCHO MIRAGE AND CLASSIC CLUB DEVELOPMENT

Project: Rio Del Sol Substation

Project Location: Rio Del Sol Substation Site

2- 28 MVA Substation Banks

Description/scope: Two (2) New Banks addition; Engineer, Procure and Construction of (2) 28 MVA, 92/13.2kV power transformer with associated equipment; including transmission bay extension with 2-92 kV breakers, distribution bay extension with transformer breaker, voltage regulators, capacitor bank and switchgear, control house with relays and battery room, (2) metal clad switchgear for (5) distribution feeders/breakers each, (2) substation vaults, 6-inch conduit system to interconnection point for the IID distribution feeder's getaways, and all site civil work, including, geotechnical soil testing, grading, foundation and structural work.

High Level Total Substation Cost:

Substation:	\$19.54 M
Distribution Getaways:	\$ 1.75 M
Transmission Line Extension 2-92 kV	\$ 3.69 M
High Level Total Substation Cost:	\$24.98 M

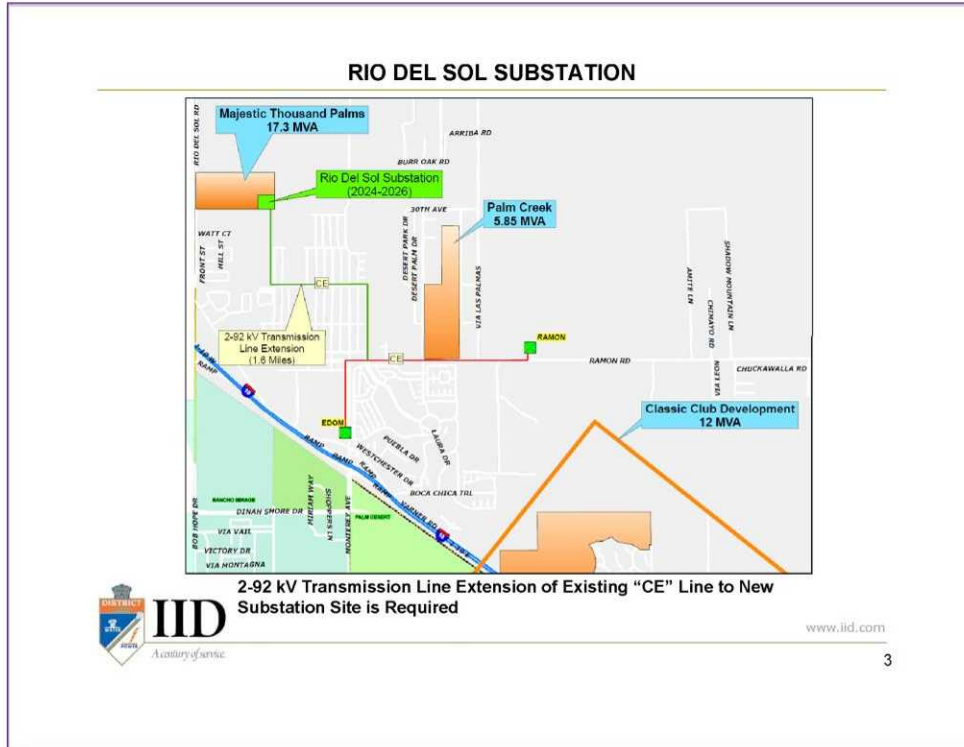
Note:

- A Transmission Feasibility/Impact Study will be required for this option.
- Distribution feeders and transmission line extension will be the applicants responsibility, and are not part of this high level cost estimate.
- The implementation of additional substations are required to enhance back up capabilities.



www.iid.com

2



NEW SUBSTATION FOR THOUSAND PALMS, PALM DESERT, RANCHO MIRAGE AND CLASSIC CLUB DEVELOPMENT

Project: New Proposed Substation
Project Location: Preferred Location at Classic Club Substation 1

2- 50 MVA Substation Banks
Description/scope: Two (2) New Banks addition; Engineer, Procure and Construction of (2) 50 MVA, 92/13.2kV power transformer with associated equipment; including transmission bay extension with 2-92 kV breakers, distribution bay extension with transformer breaker, voltage regulators, capacitor bank and switchgear, control house with relays and battery room, (2) metal clad switchgear for (10) distribution feeders/breakers each, (2)substation vaults for each bank, 6-inch conduit system to interconnection point for the IID distribution feeder's getaways, and all site civil work, including, geotechnical soil testing, grading, foundation and structural work.

High Level Total Substation Cost:

Substation:	\$20.76 M
Distribution Getaways:	\$ 4.00 M
Transmission Line Upgrade 2-92 kV	\$ 2.53 M
High Level Total Substation Cost:	\$27.29 M

Note:

- A Transmission Feasibility/Impact Study will be required for this option.
- Distribution feeders and transmission line extension will be the applicants responsibility, and are not part of this high level cost estimate.
- The implementation of additional substations are required to enhance back up capabilities.



www.iid.com

**NEW SUBSTATION FOR THOUSAND PALMS, PALM DESERT,
RANCHO MIRAGE AND CLASSIC CLUB DEVELOPMENT**



New Proposed Substation Location with 2-92 kV Transmission Line Extension (1.1 Miles)



**NEW SUBSTATION FOR THOUSAND PALMS, PALM DESERT,
RANCHO MIRAGE AND CLASSIC CLUB DEVELOPMENT**

**Preliminary Assessment Benefits with the Implementation of 2-50 MVA
Substation at Classic Club 1 Location (Preferred Option):**

- Feasible to unload 15 MVA at Edom Substation by reconfiguring existing feeders and extending lines from new substation.

Feeder	Total Load
V111	1.25 MVA
V113	1.26 MVA
V115	3.41 MVA
V123	6.49 MVA
V126	3.26 MVA
V913	3.70 MVA - Hockey Arena
TOTAL	19.37 MVA

- This freed up capacity can serve additional load in Palm Desert and Rancho Mirage, and part of Thousand Palms new development loading.
- Feasible to serve 12-26 MVA required by Classic Club Development.



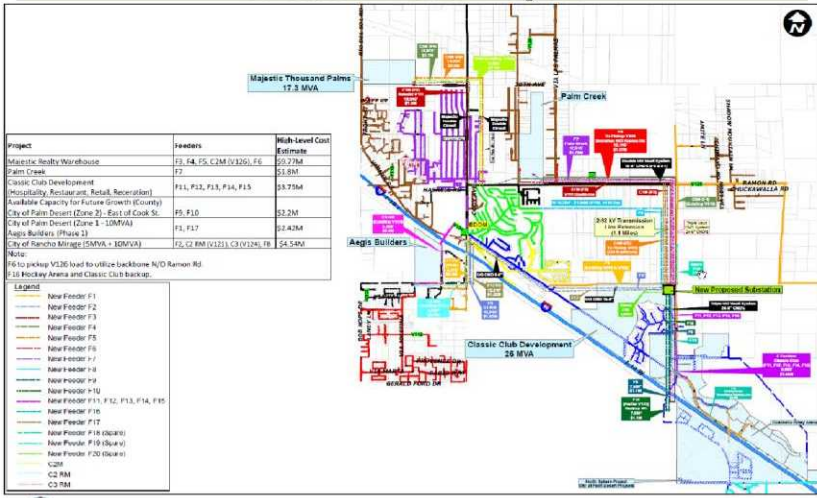
Thousand Palms, Palm Desert, & Rancho Mirage New Substation Contribution by Cities, County and Developers

Project	Rio Del Sol 2-28 MVA Transformers			New Proposed Substation 2-50 MVA Transformers		
	kVA	Customer Cost	%	kVA	Customer Cost	%
Majestic Realty Thousand Palms Warehouse	17,300	\$ 9,649,056	38.62%	17,300	\$ 5,902,936	21.63%
Palm Creek	5,850	\$ 3,262,831	13.06%	5,850	\$ 1,996,080	7.31%
Classic Club Development (Early Phase & Partial Phase 1)	12,000	\$ 6,692,987	26.79%	-	-	-
Classic Club Development (Hospitality, Restaurant, Retail, Recreation)	-	-	-	26,000	\$ 8,871,466	32.50%
BoHo Development	301	\$ 167,882	0.67%	301	\$ 102,704	0.38%
Available Capacity for Future Growth (County)	349	\$ 194,654	0.78%	10,549	\$ 3,599,428	13.19%
SageMont Hotel	403	\$ 224,773	0.90%	403	\$ 137,508	0.50%
City of Palm Desert (Zone 2) - East of Cook St.	4,597	\$ 2,563,972	10.26%	4,597	\$ 1,568,543	5.75%
City of Palm Desert (Zone 1 - 10MW)	2,000	\$ 1,115,498	4.48%	10,000	\$ 3,412,102	12.50%
Aegis Builders (Phase 1)	2,000	\$ 1,115,498	4.48%	5,000	\$ 1,705,051	6.25%
City of Rancho Mirage	2,000	\$ 1,115,498	4.48%	5,000	\$ 1,705,051	6.25%
Totals	44,800	\$ 24,987,150	100.00%	80,000	\$ 27,296,816	100.00%

*This cost reflects the 20% contingency for total substation costs.
*Distribution feeders and transmission line extension will be the applicants responsibility, and are not part of this high level cost estimate.



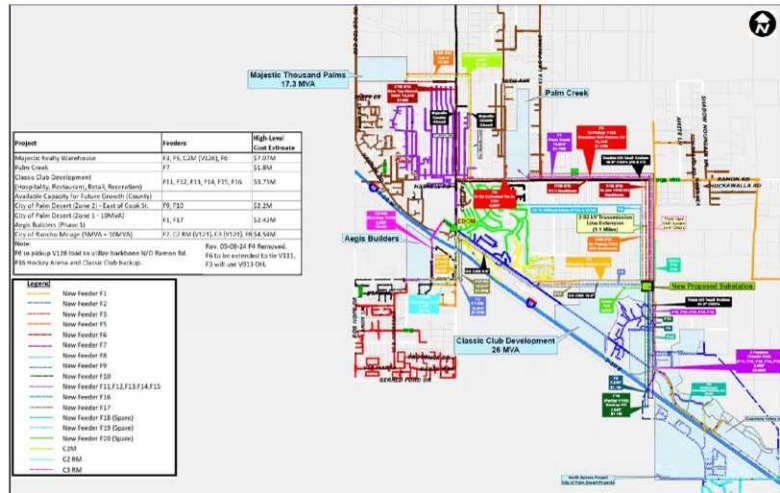
Substation Feeder Layout



Revised Feeder Layout 03-04-2024



Substation Feeder Layout



Revised Feeder Layout 05-09-2024

www.iid.com

Thousand Palms, Palm Desert, & Rancho Mirage New Substation Contribution by Cities, County and Developers

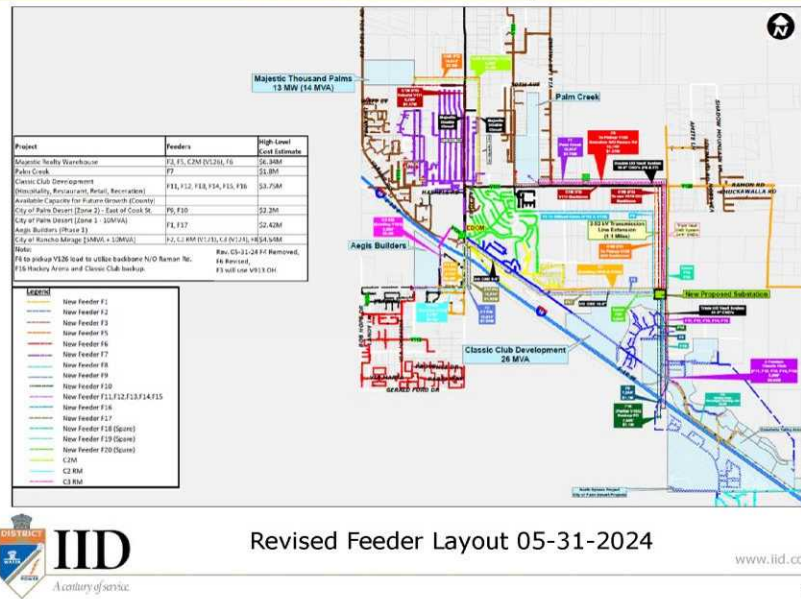
Project	New Proposed Substation 2-50 MVA Transformers			New Proposed Substation 2-50 MVA Transformers		
	kVA	Customer Cost	%	kVA	Customer Cost	%
Majestic Realty Thousand Palms Warehouse	17,300	\$ 5,902,936	21.63%	14,000	\$ 4,776,943	17.50%
Palm Creek	5,850	\$ 1,996,080	7.31%	5,850	\$ 1,996,080	7.31%
Classic Club Development (Early Phase & Partial Phase 1)	-	-	-	-	-	-
Classic Club Development (Hospitality, Restaurant, Retail, Recreation)	26,000	\$ 8,871,465	32.50%	26,000	\$ 8,871,465	32.50%
BoHo Development	301	\$ 102,704	0.38%	301	\$ 102,704	0.38%
Available Capacity for Future Growth (County)	549	\$ 187,324	0.69%	3,849	\$ 1,313,318	4.81%
Sagemont Hotel	403	\$ 137,508	0.50%	403	\$ 137,508	0.50%
City of Palm Desert (Zone 2) - East of Cook St	4,597	\$ 1,588,543	5.75%	4,597	\$ 1,588,543	5.75%
City of Palm Desert (Zone 1 - 10MW)	10,000	\$ 3,412,102	12.50%	10,000	\$ 3,412,102	12.50%
Aegle Builders (Phase 1)	15,000	\$ 5,118,163	18.75%	15,000	\$ 5,118,163	18.75%
City of Rancho Mirage	15,000	\$ 5,118,163	18.75%	15,000	\$ 5,118,163	18.75%
Totals	80,000	\$ 27,296,816	100.00%	80,000	\$ 27,296,816	100.00%

*This cost reflects the 20% contingency for total substation costs.
 *Distribution feeders and transmission line extension will be the applicants responsibility, and are not part of this high level cost estimate.
 *Majestic loading reduction 13 MW (14 MVA)



www.iid.com

Substation Feeder Layout



Revised Feeder Layout 05-31-2024

www.iid.com

NEW SUBSTATION FOR THOUSAND PALMS, PALM DESERT, RANCHO MIRAGE AND CLASSIC CLUB DEVELOPMENT

Time Line for the Substation Implementation:

1. Last day to request participation – Critical Path
2. Identify final list of participation – Critical Path
3. Identify pre-arrangement participants for long lead equipment agreement – July 8th
4. Identify long lead equipment and funding requirements – July 11th
5. Finalize pre-arrangement with governmental participants – July 31
6. Long lead equipment funding – August 15th
7. Begin project agreement negotiations- July 11th
8. Finalize project agreement – September 11th
9. Establish project cash flow requirements – August 28th
10. In Service date 24-30 months from date of signed Project Agreement.

EXHIBIT "B"

SCHEDULE OF LONG LEAD-TIME EQUIPMENT AND MATERIALS

#	Project Milestones
New Substation Cook Street 2-50 MVA	
1	Customer Activities Including Environmental and Board Approval
2A	Procurement of Long Lead Items
2A.1	Transformers 2-50 MVA
2A.2	Switchgear, 92kV Breakers, Voltage Regulators, Capacitor Banks
2A.3	Control Room
2A.	Other Long lead items