

In the opinion of Nixon Peabody LLP, Special Tax Counsel to NCPA, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by NCPA described herein, interest on the 2019 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Special Tax Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Special Tax Counsel is further of the opinion that interest on the 2019 Series A Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.



\$20,450,000
NORTHERN CALIFORNIA POWER AGENCY
Capital Facilities Revenue Bonds,
2019 Refunding Series A

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the 2019 Series A Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined will have the meanings set forth herein.

Northern California Power Agency ("NCPA") is offering \$20,450,000 of its Capital Facilities Revenue Bonds, 2019 Refunding Series A (the "2019 Series A Bonds"). The 2019 Series A Bonds are being issued by NCPA pursuant to an Indenture of Trust, dated as of December 1, 2019 (the "Indenture"), by and between NCPA and U.S. Bank National Association, as trustee (the "Trustee"), for the purpose of providing funds, together with other available moneys, to refund all of NCPA's outstanding Capital Facilities Revenue Bonds, 2010 Refunding Series A and to pay costs of issuance of the 2019 Series A Bonds. See "PLAN OF REFUNDING" herein.

The 2019 Series A Bonds are being issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2019 Series A Bonds, and individual purchases of the 2019 Series A Bonds will be made in book-entry form only. Interest on the 2019 Series A Bonds is payable on each February 1 and August 1, beginning on August 1, 2020. Principal is payable on August 1 of the years and in the amounts set forth on the inside cover page hereof. The 2019 Series A Bonds may be purchased in authorized denominations of \$5,000 and any integral multiple thereof. Principal, premium, if any, and interest on the 2019 Series A Bonds is payable by the Trustee to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2019 Series A Bonds. See "APPENDIX C—BOOK-ENTRY ONLY SYSTEM" hereto.

The 2019 Series A Bonds are not subject to optional redemption prior to maturity. The 2019 Series A Bonds are subject to extraordinary redemption as described herein.

THE 2019 SERIES A BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF NCPA PAYABLE SOLELY FROM, AND SECURED SOLELY BY, THE TRUST ESTATE, CONSISTING PRIMARILY OF PROJECT REVENUES (AS DEFINED HEREIN) AND THE OTHER FUNDS PLEDGED BY NCPA UNDER THE INDENTURE. THE 2019 SERIES A BONDS DO NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF NCPA. THE 2019 SERIES A BONDS ARE NOT DEBTS, LIABILITIES OR OBLIGATIONS OF THE STATE OF CALIFORNIA, ANY PUBLIC AGENCY THEREOF (OTHER THAN NCPA), ANY MEMBER OF NCPA OR ANY PROJECT PARTICIPANT, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY OF THE FOREGOING (INCLUDING NCPA) IS PLEDGED FOR THE PAYMENT OF THE 2019 SERIES A BONDS. NCPA HAS NO TAXING POWER.

Maturity Schedule
(see inside cover)

The 2019 Series A Bonds are offered when, as and if issued and delivered to the Underwriter, subject to the approval of legality by Norton Rose Fulbright US LLP, Bond Counsel to NCPA, and certain other conditions. Certain legal matters will be passed upon for NCPA by Jane E. Luckhardt, Esq., General Counsel to NCPA, and by Spiegel & McDiarmid LLP, Washington, D.C., Washington, Counsel to NCPA. Nixon Peabody LLP is serving as Special Tax Counsel to NCPA in connection with the 2019 Series A Bonds. Norton Rose Fulbright US LLP is serving as Disclosure Counsel to NCPA in connection with the 2019 Series A Bonds. Certain legal matters will be passed upon for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Counsel to the Underwriter. It is expected that the 2019 Series A Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York, by Fast Automated Securities Transfer (FAST) on or about December 20, 2019.

J.P. Morgan

MATURITY SCHEDULE

\$20,450,000
NORTHERN CALIFORNIA POWER AGENCY
Capital Facilities Revenue Bonds,
2019 Refunding Series A

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2020	\$2,575,000	5.00%	0.960%	102.465	66484RAT3
2021	4,080,000	5.00	1.000	106.386	66484RAU0
2022	4,365,000	5.00	1.010	110.266	66484RAV8
2023	4,615,000	5.00	1.010	114.123	66484RAW6
2024	4,815,000	5.00	1.010	117.941	66484RAX4

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP numbers have been assigned by an independent company not affiliated with NCPA or the Underwriter and are included solely for the convenience of the owners of the 2019 Series A Bonds. Neither NCPA nor the Underwriter is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the 2019 Series A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2019 Series A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the 2019 Series A Bonds.

NORTHERN CALIFORNIA POWER AGENCY
651 Commerce Drive
Roseville, California 95678
Telephone: (916) 781-3636

NCPA Commissioners and Members

Roger Frith, Chair..... Councilmember, City of Biggs	Teresa O'Neill, Vice ChairCouncilmember, City of Santa Clara
Gerald "Jerry" Serventi Board Member, Public Utilities Board of the City of Alameda	[Vacant] San Francisco Bay Area Rapid Transit
Paul Eckert.....City Administrator, City of Gridley	David Hagele Mayor, City of Healdsburg
Mark Chandler..... Mayor, City of Lodi	Jenelle Osbourne..... Mayor, City of Lompoc
Gregory Scharff..... Representative, City of Palo Alto	Dave Roberti..... Board President, Plumas-Sierra Rural Electric Cooperative
Jared Carpenter Manager of Utilities Admin.,Port of Oakland	Kristen Schreder Councilmember, City of Redding
John Allard Mayor, City of Roseville	James Takehara..... Utility Director, City of Shasta Lake
Bob Ellis Board Member, Truckee Donner Public Utility District	Doug Crane.....Councilmember, City of Ukiah

Management

General Manager	Randy S. Howard
General Counsel	Jane E. Luckhardt, Esq.
Assistant General Manager, Finance and Administrative Services; Chief Financial Officer	Monty Hanks
Assistant General Manager, Legislative & Regulatory	Jane Dunn Cirrincione
Assistant General Manager, Power Management.....	Tony Zimmer
Assistant General Manager, Generation Services.....	Joel Ledesma

Project Participants

Participant	Project Participation Percentage
Alameda	19.00%
Lodi	39.50
Lompoc	5.00
Roseville	36.50
	100.00%

Special Services

Bond and Disclosure Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

Special Tax Counsel
Nixon Peabody LLP
Washington, D.C.

Washington Counsel
Spiegel & McDiarmid LLP
Washington, D.C.

Municipal Advisor
PFM Financial Advisors LLC
Los Angeles, California

Trustee
U.S. Bank National Association
New York, New York

Verification Agent
Samuel Klein and Company,
Certified Public Accountants
Newark, New Jersey

No dealer, broker, salesperson or any other person has been authorized by NCPA, the Project Participants or the Underwriter to give any information or to make any representation, other than the information and representations contained herein, in connection with the offering of the 2019 Series A Bonds and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of, the 2019 Series A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the 2019 Series A Bonds.

Statements contained in this Official Statement, which include estimates, forecasts or matters of opinion, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by NCPA, the Project Participants or other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be filed with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) website.

U.S. Bank National Association accepts its duties as Trustee for the 2019 Series A Bonds. Notwithstanding the foregoing, however, the Trustee has not reviewed this Official Statement and makes no representations as to the information contained herein, including, but not limited to, any representations as to the financial feasibility of NCPA or its Members, the Project or any related activities.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE 2019 SERIES A BONDS THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 SERIES A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “RATE REGULATION” and “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY (including particularly, but not limited to, under the sub-caption “PG&E Bankruptcy”) in this Official Statement and in the description of each of the Significant Share Project Participant’s operations set forth in APPENDIX A hereto. Forward-looking statements in APPENDIX A and elsewhere in this Official Statement are subject to risks and uncertainties, including particularly those relating to natural gas costs and availability, wholesale and retail electric energy and capacity prices, federal and State legislation and regulations, developments in the PG&E bankruptcy proceeding, competition and industry restructuring, and the economies of the service areas of the Project Participants.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. NCPA does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

NCPA maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2019 Series A Bonds.

TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
Purpose.....	1
NCPA.....	1
Authority for Issuance.....	1
The Project.....	2
Unit One Member Agreement	2
Security and Sources of Payment for the 2019 Series A Bonds	2
No Debt Service Reserve Account	2
Risk Factors	3
Other Matters	3
PLAN OF REFUNDING	3
General.....	3
Prior Financing and Refunding Plan.....	3
ESTIMATED SOURCES AND USES OF FUNDS.....	5
OTHER OBLIGATIONS OF NCPA	5
THE 2019 SERIES A BONDS.....	5
General.....	5
Redemption of 2019 Series A Bonds.....	6
SECURITY AND SOURCES OF PAYMENT FOR THE 2019 SERIES A BONDS	7
Pledge Effected by the Indenture.....	7
Order of Application of Project Revenues.....	8
NCPA Rate Covenant	10
No Debt Service Reserve Account for 2019 Series A Bonds	10
Additional Bonds	10
Unit One Member Agreement	10
Limitations on Remedies	11
NORTHERN CALIFORNIA POWER AGENCY.....	12
Background.....	12
Organization and Management	13
NCPA Power Pool	14
Wholesale Power Trading and Other Activities	15
Investment of NCPA Funds.....	15
THE PROJECT	16
Description.....	16
Background.....	17
THE PROJECT PARTICIPANTS	18
General.....	18
Descriptions of the Significant Share Project Participants	18
Electric Systems.....	18
Service Areas	18
OTHER NCPA PROJECTS	19
Lodi Energy Center Project	19
Hydroelectric Project	20

TABLE OF CONTENTS
(continued)

	Page
Geothermal Project	21
Geysers Transmission Project.....	23
Combustion Turbine Project Number One	23
Natural Gas Supply Contracts.....	23
Power Purchase and Natural Gas Contracts.....	24
NCPA Services Agreements	25
RATE REGULATION	25
CONSTITUTIONAL LIMITATIONS IN CALIFORNIA AFFECTING FEES AND CHARGES	25
Proposition 218 and Proposition 26	26
Other Initiatives	26
CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY	27
State Legislation and Regulatory Proceedings.....	27
Federal Energy and Environmental Policies and Legislation	31
Changing Laws and Requirements Generally	33
PG&E Bankruptcy	34
CAISO Markets	36
Other Factors.....	37
LITIGATION	38
California Energy Market Dysfunction, Refund Dispute and Related Litigation.....	38
FERC and CAISO Proceedings: Market Redesign.....	39
PG&E Bankruptcy Proceeding	39
Other Proceedings.....	39
TAX MATTERS	39
Federal Income Taxes	39
State Taxes.....	39
Original Issue Premium	40
Ancillary Tax Matters	40
Changes in Law and Post Issuance Events	40
CONTINUING DISCLOSURE	41
General.....	41
City of Alameda Settlement with Securities and Exchange Commission	42
RATING	43
UNDERWRITING	43
CERTAIN RELATIONSHIPS	44
MUNICIPAL ADVISOR	44
APPROVAL OF LEGAL PROCEEDINGS	44
VERIFICATION OF MATHEMATICAL COMPUTATIONS	45
INDEPENDENT AUDITORS	45
INCLUSION BY SPECIFIC REFERENCE	45
MISCELLANEOUS.....	45

TABLE OF CONTENTS
(continued)

	Page
APPENDIX A	SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE
	PROJECT PARTICIPANTSA-1
APPENDIX B	NCPA AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS
	ENDED JUNE 30, 2019 AND 2018.....B-1
APPENDIX C	BOOK-ENTRY ONLY SYSTEM.....C-1
APPENDIX D	SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL
	DOCUMENTS.....D-1
APPENDIX E	PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENTSE-1
APPENDIX F	PROPOSED FORMS OF BOND COUNSEL OPINION AND
	SPECIAL TAX COUNSEL OPINIONF-1
APPENDIX G	DEBT SERVICE REQUIREMENTS ON THE CAPITAL FACILITIES
	REVENUE BONDSG-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$20,450,000
NORTHERN CALIFORNIA POWER AGENCY
Capital Facilities Revenue Bonds,
2019 Refunding Series A

INTRODUCTION

This Introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the 2019 Series A Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Introduction and not otherwise defined herein will have the respective meanings assigned to them elsewhere in this Official Statement. See “APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS.”

Purpose

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning (i) the Northern California Power Agency (“NCPA”); (ii) NCPA’s \$20,450,000 Capital Facilities Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”); and (iii) the four NCPA Members which have entered into the Unit One Member Agreement (defined below) with NCPA (collectively, the “Project Participants”) relating to NCPA’s Combustion Turbine Project Number Two, Unit One facilities (the “Project” or “Unit One”), including in particular the three principal Project Participants (the “Significant Share Project Participants”).

The 2019 Series A Bonds are being issued by NCPA for the purpose of providing funds, together with other available moneys, to refund all of NCPA’s outstanding Capital Facilities Revenue Bonds, 2010 Refunding Series A (the “2010 Series A Bonds”) and to pay costs of issuance of the 2019 Series A Bonds. See “PLAN OF REFUNDING.”

NCPA

NCPA is a joint exercise of powers agency formed under the Joint Exercise of Power Act (Cal. Gov. Code §§ 6500 *et seq.*) (the “Act”) and an Amended and Restated Northern California Power Agency Joint Powers Agreement (the “NCPA Joint Powers Agreement”) now among the City of Alameda (“Alameda”), the City of Biggs (“Biggs”), the City of Gridley (“Gridley”), the City of Healdsburg (“Healdsburg”), the City of Lodi (“Lodi”), the City of Lompoc (“Lompoc”), the City of Palo Alto (“Palo Alto”), the City of Redding (“Redding”), the City of Roseville (“Roseville”), the City of Santa Clara (“Santa Clara”), the City of Shasta Lake (“Shasta Lake”), the City of Ukiah (“Ukiah”), the City of Oakland acting by and through its Board of Port Commissioners (“Port of Oakland”), the Truckee Donner Public Utility District (“Truckee Donner”), and the San Francisco Bay Area Rapid Transit District (“BART”) as members, and the Plumas-Sierra Rural Electric Cooperative (“Plumas-Sierra”), as an associate member (herein collectively referred to as the “Members” and individually as a “Member”). The Project Participants are Alameda, Lodi, Lompoc and Roseville. The Significant Share Project Participants, Alameda, Lodi and Roseville, represent in aggregate 95% in Project Participation Percentages in the Project.

Authority for Issuance

The 2019 Series A Bonds are being issued pursuant to the provisions of Article 4 of the Act and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of

California. The 2019 Series A Bonds are being issued under and in accordance with an Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), by and between NCPA and U.S. Bank National Association, as trustee (the “Trustee”), and the Agreement for Construction, Operation and Financing of Combustion Turbine Project Number Two – Unit One, dated as of August 1, 1992 (the “Unit One Member Agreement”), by and among NCPA and the Project Participants.

The 2019 Series A Bonds and any other bonds hereafter issued under and pursuant to the Indenture are herein collectively referred to as the “Bonds.”

The Project

The Project is a combustion turbine unit located in Lodi, California, and owned and operated by NCPA. The capacity and energy of the Project has been sold to the Project Participants (Alameda, Lodi, Lompoc and Roseville) pursuant to the Unit One Member Agreement in the respective Project Participation Percentages set forth on page (a) of this Official Statement.

Unit One Member Agreement

Under the Unit One Member Agreement, NCPA has agreed to provide, and each Project Participant has agreed to take or cause to be taken, the Project Participant’s Project Participation Percentage of the capacity and energy of the Project. The Project Participants pay for such capacity and energy on a cost-of-service basis. Each Project Participant has agreed to make payments for such capacity and energy solely from the revenues of, and as an operating expense of, such Project Participant’s electric system. Such payments must be made regardless of whether or not the Project is operable, operating or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of Project output or the capacity and energy contracted for in whole or in part for any reason whatsoever. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 SERIES A BONDS – Unit One Member Agreement.”

Security and Sources of Payment for the 2019 Series A Bonds

The 2019 Series A Bonds will be special, limited obligations of NCPA payable solely from, and secured as to the payment of the principal and redemption price thereof and interest thereon solely by, the Trust Estate, which includes Project Revenues (which consist primarily of payments received by NCPA from the Project Participants pursuant to the Unit One Member Agreement) pledged and assigned pursuant to the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 SERIES A BONDS.”

The 2019 Series A Bonds are not debts, liabilities or obligations of the State of California, any public agency thereof (other than NCPA), any Member of NCPA or any Project Participant, and neither the faith and credit nor the taxing power of any of the foregoing (including NCPA) is pledged to the payment of the 2019 Series A Bonds. NCPA has no taxing power.

No Debt Service Reserve Account

No debt service reserve account will be established to secure the 2019 Series A Bonds. Amounts held in or credited to any other debt service reserve account established in connection with any future Series of Bonds will not secure, and will not be available for, the payment of the 2019 Series A Bonds.

See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 SERIES A BONDS – No Debt Service Reserve Account for 2019 Series A Bonds.”

Risk Factors

For a description of certain risks associated with the purchase of the 2019 Series A Bonds, see “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 SERIES A BONDS – Limitations on Remedies,” “RATE REGULATION,” “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY” and “LITIGATION.”

Other Matters

The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined herein indicates that such word is defined in a particular agreement or other document and, as used herein, has the meaning given to it in such agreement or document. In preparing this Official Statement, NCPA has relied upon certain information relating to the Project Participants furnished to NCPA by the Project Participants.

Attached to this Official Statement is a summary of certain provisions of the Indenture and the Unit One Member Agreement. Copies of the Indenture, the Escrow Agreement, the Unit One Member Agreement and the Continuing Disclosure Agreements are available for inspection at the offices of NCPA in Roseville, California, and will be available upon request and payment of duplication costs from the Trustee.

PLAN OF REFUNDING

General

The 2019 Series A Bonds are being issued for the purpose of providing funds, together with other available moneys, to refund all of the outstanding 2010 Series A Bonds and to pay costs of issuance of the 2019 Series A Bonds.

Prior Financing and Refunding Plan

The 2010 Series A Bonds were originally issued on January 29, 2010 in the aggregate principal amount of \$55,120,000 for the purpose of refinancing a portion of the costs of the Project. As of the date hereof, \$25,450,000 principal amount of 2010 Series A Bonds remains outstanding. The outstanding 2010 Series A Bonds mature on August 1 in each of the years 2020 through 2025. The outstanding 2010 Series A Bonds will be called for redemption on February 1, 2020.

The following table details the maturity dates and principal amounts of the 2010 Series A Bonds to be refunded. The refunding of the 2010 Series A Bonds is being undertaken to achieve net present value and debt service savings.

Refunded 2010 Series A Bonds

Maturity Date (August 1)	CUSIP [†]	Outstanding Principal Amount to be Refunded	Interest Rate	Redemption Date	Redemption Price
2020	66484RAM8	\$ 4,490,000	5.00%	February 1, 2020	100%
2021	66484RAN6	4,550,000	5.00	February 1, 2020	100
2022	66484RAP1	4,860,000	5.25	February 1, 2020	100
2023	66484RAQ9	5,150,000	5.25	February 1, 2020	100
2024	66484RAR7	5,390,000	5.25	February 1, 2020	100
2025	66484RAS5	<u>1,010,000</u>	5.25	February 1, 2020	100
Total		\$25,450,000			

[†] CUSIP® is a registered trademark of American Bankers Association. CUSIP® data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of American Bankers Association. Neither NCPA nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

Pursuant to an Escrow Deposit Agreement, dated as of December 1, 2019 (the “Escrow Agreement”), to be entered into by NCPA and U.S. Bank National Association, as escrow agent, a portion of the proceeds of the 2019 Series A Bonds, together with certain other available funds, will be deposited into an escrow fund (the “Escrow Fund”) and will either be held as cash or will be used to purchase direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America (the “Defeasance Securities”) that will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that, when paid in accordance with their respective terms, and together with the cash held in the Escrow Fund, sufficient moneys will be available to pay the redemption price (100.0% of the principal amount) of the 2010 Series A Bonds and accrued interest thereon to the redemption date, February 1, 2020.

On the date of delivery of the 2019 Series A Bonds, NCPA will receive a report from Samuel Klein and Company, Certified Public Accountants, verifying the adequacy of the cash deposited and held in the Escrow Fund, together with the maturing principal amounts of and interest earned on the Defeasance Securities, to pay the redemption price of the refunded 2010 Series A Bonds and accrued interest thereon on the redemption date therefor. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

Upon such deposit to the Escrow Fund for their payment, the 2010 Series A Bonds will no longer be deemed to be outstanding under the indenture pursuant to which such 2010 Series A Bonds were issued, and all obligations of NCPA with respect to the 2010 Series A Bonds shall cease and terminate, except for the obligation of NCPA to cause the amounts due on the 2010 Series A Bonds to be paid from funds on deposit in the Escrow Fund.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2019 Series A Bonds and other amounts, rounded to the nearest dollar, are as follows:

Sources of Funds

Principal Amount	\$20,450,000
Original Issue Premium.....	2,287,769
Transfer from 2010 Series A Bonds funds and accounts.....	3,643,256
Total.....	<u>\$26,381,025</u>

Uses of Funds

Deposit to Escrow Fund	\$26,059,921
Costs of Issuance ⁽²⁾	321,104
Total.....	<u>\$26,381,025</u>

⁽¹⁾ Costs of issuance include legal, financing and consulting fees, Underwriter's discount, fees of the verification agent, trustee and escrow agent, rating agency fees, printing costs and other miscellaneous expenses.

OTHER OBLIGATIONS OF NCPA

Each NCPA project is separately financed. As of September 1, 2019, in addition to the \$25.5 million 2010 Series A Bonds (which are being refunded by the 2019 Series A Bonds), NCPA had outstanding approximately \$20.1 million Geothermal Project Number 3 Revenue Bonds, \$331.1 million Lodi Energy Center Revenue Bonds and \$265.7 million Hydroelectric Project Number One Revenue Bonds. A portion of NCPA's outstanding Hydroelectric Project Number One Revenue Bonds are variable rate bonds in connection with which NCPA has entered into an interest rate swap agreement, as well as a reimbursement agreement relating to the issuance of a letter of credit to provide liquidity and credit support for such variable rate bonds. For further information on NCPA projects and related bond issues, see "OTHER NCPA PROJECTS." Each Project Participant is also a direct or indirect participant in one or more of such other NCPA projects.

See also Note E to NCPA's audited financial statements for the fiscal years ended June 30, 2019 and 2018 included in APPENDIX B.

THE 2019 SERIES A BONDS

The following is a summary of certain provisions of the 2019 Series A Bonds. Reference is made to the Indenture for a more detailed description of such provisions. The discussion herein is qualified by such reference.

General

The 2019 Series A Bonds are being issued in the aggregate principal amount indicated on the inside cover page of this Official Statement, will mature on August 1 in the years and in the amounts, and will bear interest at the rates per annum, as shown on the inside cover page of this Official Statement. The 2019 Series A Bonds will be dated their date of delivery. Interest on the 2019 Series A Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2020 (calculated on the basis of a 360-day year comprised of twelve 30-day months).

The 2019 Series A Bonds are being issued in fully registered form, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), such registered owner of 2019 Series A Bonds being hereinafter referred to as the “Owner.” DTC will act as securities depository for the 2019 Series A Bonds. Ownership interests in the 2019 Series A Bonds may be purchased in book-entry form only. Purchasers will not receive securities certificates representing their interests in the 2019 Series A Bonds purchased. Ownership interests in the 2019 Series A Bonds may be purchased in authorized denominations of \$5,000 and any integral multiple thereof. Payments of principal of, premium, if any, and interest on the 2019 Series A Bonds is payable by the Trustee to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2019 Series A Bonds. See “APPENDIX C—BOOK-ENTRY ONLY SYSTEM.”

Redemption of 2019 Series A Bonds

Optional Redemption. The 2019 Series A Bonds are not subject to optional redemption prior to their stated maturities.

Extraordinary Redemption. The 2019 Series A Bonds are subject to redemption prior to their stated maturity, at the option of NCPA, in whole or in part (in such amounts as may be specified by NCPA) on any date, from insurance or condemnation proceeds with respect to the Project or from any source of money if all or substantially all of the Project is damaged or destroyed, taken by any public entity in the exercise of its powers of eminent domain or disposed of or abandoned, at a redemption price equal to the principal amount of the 2019 Series A Bonds to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium.

Selection of 2019 Series A Bonds for Redemption. NCPA may select the maturities of the 2019 Series A Bonds and the principal amount of each such maturity to be redeemed in its sole discretion. Subject to the terms of the representation letter with the securities depository of the 2019 Series A Bonds, whenever provision is made in the Indenture for the redemption of less than all of the 2019 Series A Bonds of like maturity, the Trustee will select the 2019 Series A Bonds to be redeemed from all 2019 Series A Bonds of such maturity subject to redemption and not previously called for redemption, at random in any manner which the Trustee in its sole discretion may deem appropriate and fair.

Notice of Redemption. The Indenture requires the Trustee to give notice of the redemption of any 2019 Series A Bonds not less than 30 days nor more than 60 days prior to the redemption date, to DTC, as the securities depository and the registered Owner of the 2019 Series A Bonds, by electronic means of communication or by first-class mail; or, if the book-entry system as described in Appendix C has been discontinued, such notice is to be given to the Owners of any 2019 Series A Bonds designated for redemption in whole or in part, by first-class mail, postage prepaid, at their last address appearing upon the bond registration books. Such notice is also to be given to EMMA by electronic means of communication, or to such other securities depositories or information services as NCPA may designate in writing to the Trustee.

Among other things, such notice will state that on the redemption date there will become due and payable on each 2019 Series A Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal thereof in the case of 2019 Series A Bonds to be redeemed in part only, together with unpaid accrued interest to the redemption date, and that, if moneys sufficient to pay the redemption price of, and unpaid accrued interest on, the 2019 Series A Bonds to be redeemed shall be available for such payment, from and after such redemption date, interest on such 2019 Series A Bonds will cease to accrue and be payable. Receipt of such notice will not be a condition precedent to such redemption and failure so to receive such notice or any defect in such notice will not affect the validity of the proceedings for the redemption of 2019 Series A Bonds.

Unless at the time of giving of the notice of redemption of 2019 Series A Bonds to be redeemed at the option of NCPA, such 2019 Series A Bonds shall be deemed to have been paid within the meaning of the Indenture, such redemption notice shall state that the redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, and premium, if any, and unpaid accrued interest to the redemption date on, such 2019 Series A Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and NCPA shall not be required to redeem such 2019 Series A Bonds. In the event a notice of redemption of 2019 Series A Bonds contains such a condition and such moneys are not so received, the redemption of the 2019 Series A Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there will be no redemption of 2019 Series A Bonds pursuant to the notice of redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE 2019 SERIES A BONDS

Pledge Effected by the Indenture

The 2019 Series A Bonds and any other Bonds issued under and pursuant to the Indenture will be special, limited obligations of NCPA payable solely from, and secured as to the payment of the principal and redemption price thereof and interest thereon solely by, the Trust Estate, which includes Project Revenues (which consist primarily of payments received by NCPA from the Project Participants pursuant to the Unit One Member Agreement) pledged and assigned pursuant to the Indenture. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Summary of Certain Provisions of the Indenture – Pledge Effected by the Indenture.”

The Trust Estate includes (a) subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, (i) the Project Revenues and (ii) all amounts on deposit in the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund, including the investments, if any, thereof; and (b) all of NCPA’s right, title and interest in and to the Unit One Member Agreement; provided that the pledge of the Project Revenues and amounts in the Revenue Fund and NCPA’s right, title and interest in and to the Unit One Member Agreement shall be on a parity with any pledge thereof securing Parity Debt (as hereinafter defined), and subject to the release of said right, title and interest in and to the Unit One Member Agreement upon the payment or defeasance of the 2019 Series A Bonds.

Project Revenues include (i) all revenues, income, rents and receipts derived from or attributable to the Project or to the payment of the Costs thereof received or to be received by NCPA, including without limitation payments from the Project Participants pursuant to the Unit One Member Agreement and amounts received by NCPA pursuant to any other contract or arrangement for the sale by NCPA of the capacity, use or service of the Project, (ii) the proceeds of any insurance, including the proceeds of any self insurance fund, covering business interruption loss relating to NCPA’s interest in the Project, and (iii) interest received or to be received on any moneys or securities held pursuant to the Indenture and required to be paid into the Revenue Fund.

The 2019 Series A Bonds and the interest thereon will be payable solely from the funds pledged pursuant to the Indenture, and shall not constitute a charge against the general credit or other funds of NCPA. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof (including NCPA) or any Member of NCPA or any Project Participant is pledged to the payment of the principal of, premium, if any, or interest on the 2019 Series A Bonds. NCPA has no taxing power. Neither the payment of the principal or premium, if any, of, or interest on, the 2019 Series A Bonds constitutes a debt, liability or obligation of the State of California or any

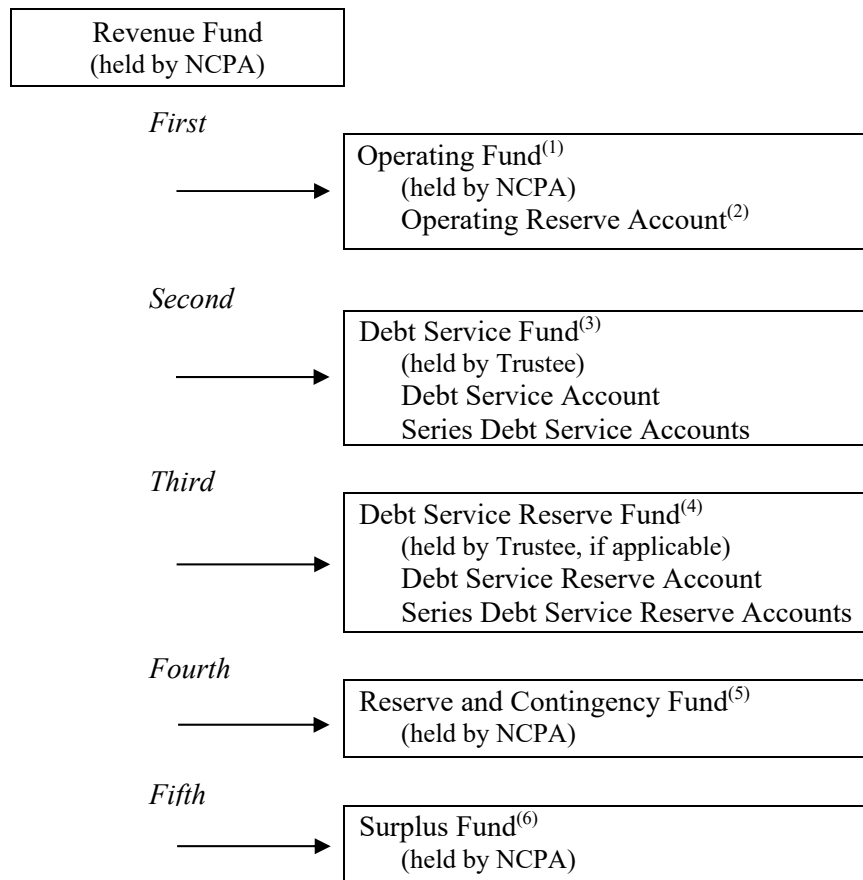
public agency thereof (other than NCPA) or of any member of NCPA or any Project Participant. The Commissioners, directors, officers and employees of NCPA shall not be individually liable on the 2019 Series A Bonds or in respect of any undertakings by NCPA under the Indenture.

See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS” hereto for further discussion of certain of the terms and provisions of the Indenture.

Order of Application of Project Revenues

Pursuant to the Indenture, all Project Revenues received are to be deposited promptly in the Revenue Fund upon receipt thereof. Amounts in the Revenue Fund are to be paid monthly in the following order of priority for application therefrom as follows:

[Remainder of page intentionally left blank.]



⁽¹⁾ Amounts in the Operating Fund are to be applied for the payment of NCPA Operating Expenses.

⁽²⁾ Moneys may be deposited in the Operating Reserve Account or otherwise set aside in the Operating Fund as working capital or a reserve for working capital. Amounts in the Operating Reserve Account, if any, shall be paid out from time to time by NCPA for reasonable and necessary NCPA Operating Expenses in the event that other moneys in the Operating Fund available for such purpose are insufficient therefor.

⁽³⁾ Within the Debt Service Fund, the Debt Service Account is established for the payment of Bonds that are Participating Bonds. A separate Series Debt Service Account is to be established for the payment of each Series of Bonds that are not Participating Bonds. The 2019 Series A Bonds are not Participating Bonds and a separate 2019 Series Debt Service Account is established for the payment of the 2019 Series A Bonds. The Indenture provides that Future Bonds will be Participating Bonds unless otherwise provided in the Supplemental Indenture authorizing such Future Bonds.

⁽⁴⁾ Within the Debt Service Reserve Fund, the Debt Service Reserve Account is established to secure Bonds that are Participating Bonds. Amounts in the Debt Service Reserve Account are available to fund deficiencies in the Debt Service Account for Participating Bonds. **The 2019 Series A Bonds are Non-Participating Bonds and are not secured by amounts in the Debt Service Reserve Account and no Series Debt Service Reserve Account is being established for the 2019 Series A Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 SERIES A BONDS – No Debt Service Reserve Account for 2019 Series A Bonds.”** The Indenture provides that Future Bonds will be Participating Bonds unless otherwise provided in the Supplemental Indenture authorizing such Future Bonds. Future Bonds may be supported by amounts in a Series Debt Service Reserve Account established for such Future Bonds or may be issued with no debt service reserve.

⁽⁵⁾ Amounts in the Reserve and Contingency Fund (currently \$0) shall be applied to the cost of renewals, replacements, extensions, betterments, and improvements to the Project and to the payment of extraordinary operation and maintenance costs and contingencies for the Project. Amounts in the Reserve and Contingency Fund, if any, are available to fund deficiencies in Debt Service Fund or Debt Service Reserve Fund if there are not on deposit in the Surplus Fund available moneys to cure any such deficiency.

⁽⁶⁾ Amounts in the Surplus Fund are to be applied to make up deficiencies in the Debt Service Fund, the Debt Service Reserve Fund and the Reserve and Contingency Fund, and may be applied, upon a determination of NCPA, for other specified purposes, including any other lawful purpose of NCPA related to the Project.

See “APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Summary of Certain Provisions of the Indenture” for further discussion of certain of the terms and provisions of the Indenture relating to the application of Project Revenues.

NCPA Rate Covenant

Pursuant to the Indenture, NCPA has covenanted to establish rates and charges, and cause to be collected amounts in connection with the Project and the Unit One Member Agreement, as shall be required to provide revenues in the Revenue Fund at least sufficient in each Fiscal Year, together with the other available funds, for the payment of: (i) NCPA Operating Expenses during such Fiscal Year; (ii) Debt Service on the Bonds and debt service on Parity Debt for such Fiscal Year; (iii) if applicable, the amount, if any, to be paid during such Fiscal Year into the Debt Service Reserve Fund (and the Accounts therein); (iv) the amount, if any, to be paid during such Fiscal Year into the Reserve and Contingency Fund; and (v) all other charges or other amounts related to the Project, the Unit One Member Agreement or the Bonds howsoever payable during such Fiscal Year. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Summary of Certain Provisions of the Indenture – Rate Covenant.”

No Debt Service Reserve Account for 2019 Series A Bonds

No debt service reserve account will be established to secure the 2019 Series A Bonds.

Pursuant to the Indenture, all future Series of Bonds other than Bonds authorized by a Supplemental Indenture that provides that such Bonds are not “Participating Bonds” will be secured by the Debt Service Reserve Account for all Participating Bonds. There may be established for any future Series of Bonds that are not Participating Bonds a separate Series Debt Service Reserve Account for such Series. Amounts on deposit in any Debt Service Reserve Account for any Participating Bonds or on deposit in any other Series Debt Service Reserve Account for any other Series of Bonds shall be used and withdrawn as provided in the Supplemental Indenture of Trust authorizing the issuance of such Participating Bonds or other Series of Bonds. Any amounts on deposit in the Debt Service Reserve Account for Participating Bonds or on deposit in any other Series Debt Service Reserve Account for any other Series of Bonds will not in any manner secure, and will not be available for the payment of, the 2019 Series A Bonds.

See “APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Summary of Certain Provisions of the Indenture – Application of Debt Service Reserve Fund.”

Additional Bonds

NCPA (i) may issue Bonds under and secured by the Indenture to refund bonds previously issued and Outstanding thereunder; (ii) may, although it does not expect to, issue Additional Bonds to finance all or a portion of the costs of any Capital Improvement to the Project; and (iii) may issue bonds, notes, installment sale obligations, lease obligations or other evidences of indebtedness and reimbursement agreements and other contracts relating to credit enhancement with respect to any of the foregoing (“Parity Debt”) in accordance with the requirements of the Indenture. For further information, “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Summary of Certain Provisions of the Indenture – Additional Bonds,” “– Refunding Bonds” and “– Parity Debt.”

Unit One Member Agreement

Project Participants’ Take-or-pay Obligation. The Unit One Member Agreement authorizes NCPA to fix charges to the Project Participants to produce revenues to NCPA equal to the amounts

anticipated to be needed to meet the total costs of NCPA to provide capacity and energy from Unit One, including debt service on the Bonds; operation, maintenance and replacement costs for Unit One; costs and expenses for delivering Project capacity and energy; and all other costs of the Project. The Unit One Member Agreement further provides that, to the extent that the funds provided thereunder and described in the preceding sentence are not sufficient for such purposes, the Project Participants shall pay an amount equal to their Project Participation Percentage of debt service on the Bonds, notes and other evidences of indebtedness, reserves therefor, and all other payments required to be made under the Indenture, whether or not Unit One is completed, operable, operating or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of Unit One output or the power and energy contracted for in whole or in part for any reason whatsoever.

Operating Expense. Each Project Participant shall make payments under the Unit One Member Agreement from the Revenues (as defined in the Unit One Member Agreement) of, and as an operating expense of, its electric system. Nothing in the Unit One Member Agreement shall prohibit any Project Participant from using any other funds and revenues to satisfy the provisions thereof.

Project Participants' Rate Covenants. Each Project Participant agrees to establish and collect fees and charges for electric capacity and energy furnished through facilities of its electric system sufficient to provide Revenues adequate to meet its obligations under the Unit One Member Agreement and to pay any and all other amounts payable from or constituting a charge and lien upon any or all such Revenues.

Increase in Non-defaulting Unit One Project Participants' Original Project Participation Percentage. Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Unit One Member Agreement, and except as sales and transfers are made pursuant thereto, the Unit One Member Agreement provides that the Project Participation Percentage of each non-defaulting Project Participant shall be automatically increased for the remaining term of the Unit One Member Agreement, pro rata with those of the other non-defaulting Project Participants thereunder; provided, however, that the sum of such increases for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Participation Percentage in the Project.

Transfer, Sale or Assignment. Each Project Participant has the right to make transfers, sales and/or assignments of its interests in Project capacity and energy and rights thereto; provided that no such transfer, sale or assignment shall adversely affect the tax-exempt status of interest on Bonds issued under the Indenture. No such transfer, sale or assignment shall relieve the Project Participant of its obligations under the Unit One Member Agreement.

For further information regarding the Unit One Member Agreement, see APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Summary of Certain Provisions of the Unit One Member Agreement.”

Limitations on Remedies

The rights of the owners of the 2019 Series A Bonds are subject to the limitations on legal remedies against cities and other public agencies in the State. Additionally, enforceability of the rights and remedies of the owners of the 2019 Series A Bonds, and the obligations incurred by the NCPA and the Project Participants, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the

interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2019 Series A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

NORTHERN CALIFORNIA POWER AGENCY

Background

NCPA is a joint exercise of powers agency formed under the Act and the NCPA Joint Powers Agreement now among Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Oakland (acting by and through its Board of Port Commissioners), Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, Ukiah, Truckee Donner, and BART as members, and Plumas-Sierra, as an associate member (herein collectively referred to as the “Members” and individually as a “Member”).

Under the terms of the NCPA Joint Powers Agreement entered into by all Members, NCPA possesses the general powers to acquire, purchase, generate, transmit, distribute and sell electrical capacity and energy. Specific powers include the power to enter into contracts, acquire and construct electric generating facilities, set rates, issue revenue bonds and notes and acquire property by eminent domain.

The Facilities Agreement, originally executed by the NCPA Members in 1993, and superseded by the Amended and Restated Facilities Agreement, dated as of October 1, 2014 (the “Facilities Agreement”), provides for the development of all projects undertaken by NCPA in three separate phases: (i) the initial phase of general investigation funded by NCPA’s general fund; (ii) the second phase whereby Members of NCPA electing to participate in the project execute a project agreement to provide for the cost of development of the project (now referred to as an “NCPA Project”); and (iii) the third phase during which all remaining aspects, including financing, construction and operation of the NCPA Project are undertaken. Pursuant to the Facilities Agreement and NCPA’s other governing member services agreements, NCPA’s administrative, general and occupancy costs and expenses, including costs and expenses of the employees of NCPA (including salaries, wages and retirement benefits), are paid by NCPA Members based on an agreed upon cost allocation methodology.

Members of NCPA have no financial or other responsibility or liability associated with the acquisition, construction, maintenance, operation or financing of any NCPA project pursuant to the NCPA Joint Powers Agreement. Members become obligated for payments with respect to a NCPA project only as participants with respect to such project as set forth in an agreement with NCPA separate from the NCPA Joint Powers Agreement.

NCPA has supplied many services to its Members in the past and expects to continue to do so in the future. NCPA has been instrumental in litigating and negotiating with Pacific Gas and Electric Company (“PG&E”), the California Independent System Operator (the “CAISO”) and the Western Area Power Administration of the federal government (“Western”) to keep wholesale power and transmission and other ancillary services rates at levels which have resulted in substantial savings when compared to rates sought by each of those suppliers. It is anticipated that NCPA will continue to litigate and/or negotiate on behalf of its Members to maintain rates at levels which will result in continued advantage to its Members.

NCPA’s audited financial statements for the fiscal years ended June 30, 2019 and 2018 are attached as APPENDIX B.

Organization and Management

NCPA's governing body (the "Commission") is composed of one representative from each Member, each such representative being designated a Commissioner. The Commission is given the general management of the affairs, property and business of NCPA and is vested with all powers of NCPA. Under the NCPA Joint Powers Agreement, associate Members generally do not have a voting seat on the Commission, except as may be provided in a project agreement.

The management of NCPA is responsible for various areas of administration and planning of NCPA's operations and affairs. The overall management is under the direction of NCPA's General Manager, who serves at the discretion of the Commission. NCPA is organized into four separate divisions: (i) generation services, (ii) power management, (iii) legislative and regulatory, and (iv) administrative services.

Set forth below is a brief biography of each of NCPA's senior managers.

RANDY S. HOWARD, General Manager, was appointed General Manager of NCPA in January 2015. Prior to accepting the position at NCPA, Mr. Howard was the Senior Assistant General Manager of the Power System at Los Angeles Department of Water and Power ("LADWP"). Mr. Howard has held previous LADWP positions as Executive Director of Customer Services, Director of Power System Planning and Development, and the Chief Compliance Officer in the Power System Executive Office. Mr. Howard is currently leading NCPA forward with several major strategic initiatives to address member issues and opportunities. Mr. Howard presents frequently before governance bodies, including the NCPA Board, and local, State and federal agencies on issues of importance to utilities. Mr. Howard has held many previous engineering and customer service management positions at LADWP. Mr. Howard has an undergraduate degree in Electrical Engineering from California State University, Sacramento and a master's degree in Business Administration from Pepperdine University.

JANE E. LUCKHARDT, Esq., General Counsel, joined NCPA on May 1, 2017. Ms. Luckhardt received her Juris Doctorate from Stanford Law School, and her Bachelor of Science degree in Construction Management from California Polytechnic State University, San Luis Obispo, California. Prior to joining NCPA, Ms. Luckhardt was a partner at the boutique energy law firm of Day Carter Murphy LLP and previously at Downey Brand, LLP, where she served in several leadership roles including Assistant to the Managing Partner, Executive Committee Member and Practice Group Leader for the Energy, Land Use and Mining Practice Group. Ms. Luckhardt also serves as the Vice President of the Power Association of Northern California, an energy trade group located in San Francisco, California. Ms. Luckhardt writes and speaks on issues facing the energy industry for energy trade groups and at legal conferences.

MONTY HANKS, Assistant General Manager, Finance/Administrative Services, Chief Financial Officer received his master's degree in Business Administration and a Bachelor of Science degree in Business Administration (Finance concentration) from California State University, Sacramento. Mr. Hanks has over 20 years of financial experience, including experience working with an electric, water, wastewater and solid waste utilities. Before joining NCPA in February 2017, Mr. Hanks was employed by the City of Roseville for 15 years serving in the role of Finance Director. At NCPA, Mr. Hanks oversees the Administrative Services division which includes finance, accounting, power settlements, information technology, human services, risk management and facilities management.

JANE DUNN CIRRINCIONE, Assistant General Manager, Legislative and Regulatory, received a master's degree in Public Administration from the University of Southern California, and a Bachelor of Science degree in Political Science from the University of Santa Clara in Santa Clara, California and the London School of Economics. Ms. Cirrincione has over 30 years of experience in the energy and environmental policy arena. Prior to joining NCPA, she was a Senior Government Relations Representative

for the American Public Power Association (“APPA”) in Washington, D.C. APPA is the national trade association representing the country’s over 2,000 public power systems. Before joining APPA, she was the Director of Legislative Programs for the National Hydropower Association, representing all sections of the U.S. hydroelectric industry. She also spent several years on Capitol Hill as a Legislative Assistant for Congressman Don Edwards working on environmental and wildlife issues impacting the San Francisco Bay. Before moving to Washington, D.C., she worked for the U.S. Fish and Wildlife Service at the Sacramento National Wildlife Refuge. Ms. Cirrincione was the 2006 recipient of the Robert E. Roundtree Rising Star Award recognizing future leaders of public power systems.

TONY ZIMMER, Assistant General Manager, Power Management, began working at NCPA in July of 2002. Mr. Zimmer received a master’s degree in Business Administration, and a Bachelor of Science degree in Finance from the California State University, Sacramento. Mr. Zimmer’s experience includes contract development and negotiation, policy and procedure development, resource development and integration, settlements, CAISO market design and advocacy, and data analysis and system design. Mr. Zimmer’s primary responsibilities include managing and directing Power Management activities at NCPA, development and authorization of regulatory filings made on behalf of NCPA Members and customers, direction of contract development, maintenance and revision activities required to support NCPA Member/customer interconnection and portfolio management needs, and management of staff assigned to functional areas such as Western advocacy, internal system design and integration, and policy and regulatory requirements.

JOEL LEDESMA, Assistant General Manager, Generation Services, started with NCPA in July 2019. Prior to accepting this position at NCPA, Mr. Ledesma was appointed by California Governor Jerry Brown in July 2017 to serve as Deputy Director of the California Department of Water Resources (“DWR”) with overall responsibility for the State Water Project. The State Water Project is the largest state-owned water project in the nation, including 700 miles of aqueducts, 36 hydro storage reservoirs, 20 pumping plants, four pumping/generating plants; and five hydroelectric power plants with a peak load of 2,200 MW and 1,700 MW installed generating capacity. With 31 years at DWR, Mr. Ledesma held previous positions as Assistant Division Chief of Operations and Maintenance, Chief of State Water Project Operations, and Chief of Delta Field Division. Mr. Ledesma is currently leading Generation Services for NCPA, managing \$1.5 billion of public investment in a diverse generation portfolio on behalf of 16 public power systems throughout Northern California that serve over 700,000 electric customers. Mr. Ledesma has a Bachelor of Science in Electrical Engineering from California State University, Sacramento.

NCPA Power Pool

NCPA operates a power pool that includes the following Members: Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Plumas Sierra, the Port of Oakland and Ukiah (each, an “NCPA Pool Member”). The ten NCPA Pool Members’ service areas are interconnected to the CAISO-controlled grid. NCPA operates a central dispatch facility (the “Central Dispatch Center”) at NCPA’s headquarters. The Central Dispatch Center balances loads and resources pursuant to the Third Amended and Restated NCPA Metered Subsystem Aggregation Agreement (the “MSSA”), as such may be amended from time to time, with the CAISO (as described below) for the ten NCPA Pool Members, and Santa Clara. The Central Dispatch Center separately coordinates with Roseville to schedule Roseville’s entitlement to the Project output across the CAISO-controlled grid as requested by Roseville. The Central Dispatch Center also monitors and controls load and voltage levels of the Project, and enters into buy and sell transactions with other utilities throughout the western United States and Canada and regulates various hydroelectric facilities in coordination with the CAISO to maintain a safe and reliable interconnected system.

NCPA operates according to the terms and conditions of the CAISO tariff and the MSSA, the original form of which was approved by FERC in 2002 and as has been amended and restated as needed from time to time to conform to applicable market rules established by the CAISO and FERC. The MSSA

identifies operational terms and conditions that vary from the CAISO tariff, largely allowing NCPA Members to continue to operate their respective systems as vertically integrated utilities by generally self-providing for resources and services otherwise procured through the CAISO's markets. In conjunction with the execution of the MSSA, NCPA and PG&E are parties to an Interconnection Agreement (the "NCPA-PG&E Interconnection Agreement") that provides for the terms and conditions for connecting NCPA resources and member loads to the CAISO-controlled grid (or PG&E wholesale transmission system), where such CAISO-controlled grid facilities are owned by PG&E and transferred to CAISO operational control through a Transmission Control Agreement between PG&E and the CAISO. Santa Clara has separate agreements for the services provided under the MSSA and NCPA-PG&E Interconnection Agreement.

Wholesale Power Trading and Other Activities

NCPA trades in the Western wholesale electricity markets to maximize the value of its transmission and generation assets and to minimize its cost of power supply for its Members. NCPA has engaged in wholesale market transactions since 1984. See also "LITIGATION – California Energy Market Dysfunction, Refund Dispute and Related Litigation" for certain information regarding past disruptions and related disputes arising in such markets following the partial deregulation of the electricity markets pursuant to AB 1890 enacted in 1996 and subsequent developments.

In addition to the wholesale energy market services NCPA supplies to its Members, NCPA also provides a variety of wholesale energy market services, including wholesale power trading, to certain non-Member customers. Currently, NCPA provides various scheduling, operating, and portfolio management services to Merced Irrigation District and Placer County Water Agency, as well as to three community choice aggregators ("CCAs"): Pioneer Community Energy, East Bay Community Energy, and San Jose Clean Energy. Such services are provided on a fee-for-service basis. NCPA has made an effort to identify and mitigate any potential counterparty risks in its service agreements with the non-Member entities to which it provides wholesale energy market services. NCPA only carries liability to the extent of NCPA's insurance coverage. In addition, NCPA requires these customers to deposit an amount equal to the highest three months of estimated CAISO invoices into a security account held by NCPA.

Investment of NCPA Funds

All funds of NCPA (except bond proceeds which are invested pursuant to the indenture under which such bonds are issued) are invested in accordance with NCPA's investment policy and guidelines (the "Investment Policy") as authorized by Sections 53600 et seq. of the Government Code of the State of California. The Investment Policy and monthly activity reports are reviewed by NCPA's Finance Committee and approved by the NCPA Commission.

The following securities, if and to the extent the same are at the time legal and in compliance with the applicable bond covenants and agreements for investment of NCPA's funds, are authorized investments under the Investment Policy: (i) securities of the U.S. Government, or its agencies, (ii) certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan companies, (iii) negotiable certificates of deposit, (iv) bankers acceptances, (v) Local Agency Investment Fund (State Pool) demand deposits, (vi) repurchase agreements, (vii) passbook savings account demand deposits, (viii) municipal bonds, (ix) commercial paper, (x) medium term corporate notes, and (xi) California Asset Management Program (CAMP).

The Investment Policy provides the following guidelines, among others. All rated securities must be rated by a nationally recognized statistical rating organization (NRSRO) as "A" or its equivalent or better. All certificates of deposit must mature within one year. All collateralized certificates of deposit must mature within one year. Certificates of deposit with a face value in excess of \$100,000 will be collateralized

by Treasury Department securities or first mortgage loans. The Treasury bills or notes must be at least 110% of the face value of the certificate of deposit collateralized in excess of the first \$100,000. The value of first mortgages must be at least 150% of the face value of the certificate of deposit balance secured in excess of the first \$100,000. The portfolio will be diversified with holdings from at least several of the major eligible market sectors. Except for obligations issued or guaranteed by the U.S. Government, federal agencies or government-sponsored corporations and the Local Agency Investment Fund, no more than 10% of an NCPA construction project or of the NCPA operating funds portfolio will be invested in the securities of any one issuer. Unless otherwise restricted, all holdings will be of sufficient size and held in issues which are actively traded to facilitate transactions at a minimum cost and accurate market valuation. Buying and selling securities before settlement or the use of reverse repurchase agreements for speculative purposes is not authorized. A reverse repurchase agreement may be used only in infrequent circumstances and only to prevent a material loss that would otherwise result from the sale of an investment for liquidity purposes. Any reverse repurchase agreements must be specifically reported to the Commission along with the reasons therefor on a timely basis.

The Investment Policy may be changed at any time at the discretion of the Commission subject to the State law provisions relating to authorized investments. Any exception to the Investment Policy must be formally approved by the Commission. There can be no assurance, therefore, that the State law and/or the Investment Policy will not be amended in the future to allow for investments which are currently not permitted under such State law or the Investment Policy, or that the objectives of NCPA with respect to investments will not change.

THE PROJECT

Description

The Project consists of a natural gas-fired combustion turbine power generating station, Unit One, with a design rating of 49.9 MW located in the City of Lodi. Construction of the Project began in September 1993, with commercial operation commencing in 1996. The power generating station consists of a single natural gas-fired steam injected gas turbine (“STIG”), generator, and required auxiliary and electrical interconnection systems.

The Project is owned and operated by NCPA, and the capacity and energy thereof purchased by Alameda, Lodi, Lompoc and Roseville. Alameda, Lodi, Lompoc and Roseville have participation shares in the Project of 19.00%, 39.50%, 5.00%, and 36.50%, respectively. NCPA has entered into arrangements on behalf of the Project Participants to provide for a gas supply for the Project. See “OTHER NCPA PROJECTS – Natural Gas Supply Contracts.” Existing gas supply contracts can provide sufficient gas to operate the unit at up to its full rated capacity. Unit One is economically dispatched to meet the Project Participants’ load, other NCPA Members’ load or to sell power to third parties depending on natural gas prices and electric energy prices. This utilization of the Project is intended to yield the minimum net annual project cost to the Project Participants.

Set forth below are the operating statistics for the Project for fiscal years ended June 30, 2015 through June 30, 2019.

**Combustion Turbine Project, Number Two
Unit One
Operating Statistics**

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Total Net Generation (GWh)	4	3	5	9	14
Peak Generating Capacity (MWh)	50	50	50	50	50
Average Generating Capacity (MWh)	40	46	40	42	43
Availability Factor(%) ⁽¹⁾	91	96	92	86	96
Plant Capacity Factor (%) ⁽²⁾	1	1	1	2	4

⁽¹⁾ The Availability Factor is the ratio of hours in the period that the unit is capable of operating at some level to the number of hours in the period.

⁽²⁾ The Plant Capacity Factor is the ratio of the net energy generated to the output if it had operated at full nameplate capacity the entire time. It reflects the unit availability as well as the actual need for power produced by the unit.

NCPA has estimated the average cost of capacity from the Project to be \$11.37/kW-mo. for 2019-20. NCPA has estimated the variable operating cost of the Project to be 1.42 cents/kWh for 2019-20.

The Project directly connects to PG&E's 230,000 volt transmission system under the operational control of the CAISO.

Background

In 1992, NCPA undertook the Project, originally as its "Multiple Capital Facilities Project". The Project originally included three components: (i) one power generating station, Unit One, with a design rating of 49.9 MW located in the City of Lodi, (ii) one power generating station, Unit Two, with a design rating of 49.9 MW located in the City of Ceres for Turlock, and (iii) certain improvements to the electric system of the City of Lodi (the "Lodi Facilities"). NCPA financed the original Multiple Capital Facilities Project through the issuance of \$152.3 aggregate principal amount of Multiple Capital Facilities Revenue Bonds.

In April 1998, Turlock refinanced the costs of its Unit Two project and caused the defeasance of the approximately \$64.3 million of Multiple Capital Facilities Revenue Bonds.

The acquisition and construction of the Lodi Facilities could not be undertaken, as contemplated, by the City of Lodi, and the Lodi Facilities project was abandoned. Payment of the then outstanding Multiple Capital Facilities Revenue Bonds allocable to the Lodi Facilities, in the approximate principal amount of \$11.3 million, was provided for through the deposit of amounts in an irrevocable escrow fund (the "Lodi Facilities Escrow Fund") pursuant to an escrow agreement between NCPA and the trustee for the NCPA Multiple Capital Facilities Revenue Bonds. All of the outstanding Multiple Capital Facilities Revenue Bonds allocable to the Lodi Facilities were paid or redeemed by September 3, 2002.

In February 1999, NCPA issued \$67.8 million of its Capital Facilities Revenue Bonds, 1999 Refunding Series A (the "1999 Capital Facilities Revenue Bonds") for the purpose of effecting the crossover refunding of the portion of the Multiple Capital Facilities Revenue Bonds not previously refunded. As a result of the refunding, all of the outstanding Multiple Capital Facilities Revenue Bonds were paid or redeemed by September 3, 2002. In January 2010, NCPA issued \$55.1 million of its 2010 Refunding Series A Bonds to refund all of the then outstanding 1999 Capital Facilities Revenue Bonds. Approximately \$24.5 million of 2010 Refunding Series A Bonds was outstanding as of September 1, 2019.

The 2010 Refunding Series A Bonds are being refunded with proceeds of the 2019 Series A Bonds. See “PLAN OF REFUNDING.”

THE PROJECT PARTICIPANTS

General

The Project Participants and their Project Participation Percentages are shown on page (a) of this Official Statement.

The governing body of each Project Participant has approved the Unit One Member Agreement. The California Public Utilities Code authorizes the municipal Project Participants to “acquire...any public utility,” including the supply of light and power. In furtherance of such powers, a municipal corporation “may acquire...rights of every nature...when necessary to supply the municipality, or its inhabitants or any portion thereof, with the service desired.”

Members of NCPA have no financial or other responsibility or liability associated with the acquisition, construction, maintenance, operation or financing of a particular project other than as project participants with respect to such project as set forth in the related third phase agreement. The Unit One Member Agreement constitutes the third phase agreement with respect to the Capital Facilities Project.

Descriptions of the Significant Share Project Participants

The three Project Participants with the largest Project Participation Percentages are Alameda (19.00%), Lodi (39.50%) and Roseville (36.50%), which, in the aggregate, comprise 95.0% of the Project. The remaining Project Participant, Lompoc, has a Project Participation Percentage of 5.0%. Alameda, Lodi and Roseville are sometimes referred to herein as the “Significant Share Project Participants.” Brief descriptions of the Significant Share Project Participants, their service areas, existing power supply resources, customers, energy sales and revenues and expenses are set forth in “APPENDIX A – SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS.”

Electric Systems

Each Project Participant owns and operates an electric system for distribution of electric power and energy together with the general plant necessary to conduct its business. The electric systems of some of the Project Participants are among the oldest electric utilities in operation in California and some predate the existence of PG&E. The electric systems were founded during the period from 1887 to 1937. The Project Participants are all experienced in operating electric distribution systems.

All of the Project Participants provide, through NCPA projects, for a portion of their own power needs. Each of the Project Participants also obtains a portion of their power needs from Western. Roseville also derives a portion of its power from its own generating facilities. NCPA also purchases power from the market for certain of its Members (including the Project Participants, exclusive of Roseville) for periods of up to 30 days and for periods of up to five years (under separate project agreements) for Lodi and Lompoc. Delivery of all such power is made over the CAISO-controlled grid, the Balancing Area of Northern California (“BANC”), Western transmission facilities, the California-Oregon Transmission Project (“COTP”) or combinations of those transmission facilities and balancing areas.

Service Areas

The Project Participants provide retail electric service within their service areas pursuant to the authority of the Constitution of the State of California, Article XI, Section 9. Under California law, the

Project Participants have authority to acquire, construct, establish, enlarge, improve, maintain, own and operate electric distribution systems.

The retail customers of the Project Participants are located within their respective city boundaries and environs.

OTHER NCPA PROJECTS

Set forth below is a brief description of the NCPA resources in addition to the Project. Each such resource is financed under a separate agreement with the Members participating in such resource. No Member not a party to such agreement has any obligation to make payments in connection with such resources.

Participating NCPA Members occasionally make short-term and long-term assignments of entitlement rights to NCPA resources. Such assignment would not impact the underlying project participant obligations contained in the applicable agreement relating to such NCPA resource and each project participant remains obligated for all payments due from such project participant in the event moneys received from transferees pursuant to such arrangements are insufficient to satisfy all payments.

Lodi Energy Center Project

NCPA owns and operates a natural gas-fired, combined-cycle power generation plant located in the City of Lodi, San Joaquin County, California (the “Lodi Energy Center” or “LEC”). The electric generation components (the “Power Island”) of the Lodi Energy Center consists of the following components: (1) one natural gas-fired Siemens STGS-5000F combustion turbine-generator (CTG), with an evaporative cooling system and dry low-NOx combustors to control air emissions; (2) one 3-pressure heat recovery steam generator (HRSG), (3) a selective catalytic reduction (SCR) and carbon monoxide (“CO”) catalyst to further control NOx and CO emissions, respectively; (4) one Siemens SST-900RH condensing steam turbine generator (“STG”); (5) one natural gas-fired auxiliary boiler; (6) one 7-cell draft evaporative cooling tower; and (7) associated support equipment. The Lodi Energy Center was placed into commercial operation on November 27, 2012.

LEC is currently registered with a Pmax of 302 MW (increased from 280 MW in 2018). (The Pmax is a measure of the maximum normal capability of a generating unit that is utilized by the CAISO in determining the amount of capacity that can be counted toward meeting resource adequacy requirements.) NCPA intends to conduct further testing of the LEC facility in 2019 to increase the Pmax further as a result of transmission reconductoring completed by PG&E in 2018. LEC net generation for the last five fiscal years has been as follows:

Fiscal Year Ended June 30	LEC Net Generation (GWhs)
2015	1,668
2016	1,077
2017	300
2018	1,075
2019	1,382

The generation in the fiscal year ended June 30, 2015 reflects the then ongoing dry weather conditions. During 2015, California was experiencing one the most significant droughts in California recorded hydrologic history. During drought conditions, natural gas plants generally operate at higher output levels to make up for the loss of hydroelectric generation. In the fiscal year ended June 30, 2016,

California returned to normal rainfall amounts and the natural gas generation decreased accordingly. The reduced generation in the fiscal year ended June 30, 2017 was directly attributable to the increase in PG&E gas transportation costs. NCPA negotiated a special rate for gas transmission for LEC which went into effect during Fiscal Year 2017-18. PG&E's 2019 gas transmission rate case that will set rates for the period 2019 to 2021 is currently ongoing. On August 29, 2019, NCPA's Commission authorized the General Manager to execute a Negotiated Rate Contract with PG&E for gas transmission service. The negotiated gas rate was approved by the CPUC in September 2019, with the new rates effective as of October 1, 2019.

Pursuant to the Lodi Energy Center Power Sales Agreement (the "LEC Power Sales Agreement"), by and among NCPA and (i) the NCPA Member project participants: Biggs, Gridley, Healdsburg, Lodi, Lompoc, Plumas-Sierra, Santa Clara, Ukiah and BART; and (ii) the non-NCPA Member project participants: the City of Azusa, the Modesto Irrigation District, the Power and Water Resources Pooling Authority and the California Department of Water Resources (all such entities other than NCPA, collectively the "LEC Project Participants"), NCPA agreed to construct and operate the Lodi Energy Center and has sold the capacity and energy of the Lodi Energy Center to the thirteen LEC Project Participants on a "take-or-pay" basis, in accordance with their respective generation entitlement shares to the capacity and energy of the Lodi Energy Center.

NCPA financed a portion a portion of the costs of construction of the Lodi Energy Center through the issuance of revenue bonds: (i) its Lodi Energy Center Revenue Bonds, Issue One, issued on behalf of eleven of the thirteen participants in the Lodi Energy Center (being all of the above-named LEC Project Participants other than the Modesto Irrigation District and the California Department of Water Resources), of which \$220.9 million is outstanding as of September 1, 2019, and (ii) its Lodi Energy Center Revenue Bonds, Issue Two, issued on behalf of the California Department of Water Resources, of which \$110.2 million is outstanding as of September 1, 2019. The Modesto Irrigation District provided its own financing for its share of the estimated costs of construction of the Lodi Energy Center. See "APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS" for a discussion of the obligations of Lodi with respect to the Lodi Energy Center Project.

The Lodi Energy Center is operated and maintained by NCPA under the general direction of the LEC Project Participants pursuant to the LEC Power Sales Agreement and the Lodi Energy Center Project Management and Operations Agreement among NCPA and the LEC Project Participants.

Hydroelectric Project

NCPA's Hydroelectric Project Number One (the "Hydroelectric Project") consists of (a) three diversion dams, (b) the 246.86-MW Collierville Powerhouse, (c) the Spicer Meadow Dam with a 6.0-MW powerhouse, and (d) associated tunnels located essentially on the North Fork Stanislaus River in Alpine, Tuolumne and Calaveras Counties, California, together with required transmission and related facilities.

The Hydroelectric Project, with the exception of certain transmission facilities, is owned by the Calaveras County Water District ("Calaveras") and is licensed by FERC, pursuant to a 50-year License (Project No. 2409) issued in 1982 to Calaveras. Pursuant to a Power Purchase Contract, NCPA (i) is entitled to the electric output, including capacity, of the Hydroelectric Project until February 2032, (ii) managed the construction of the Hydroelectric Project, and (iii) operates the generating and recreational facilities of the Hydroelectric Project. Under a separate FERC-issued license with an expiration date coterminous with the Hydroelectric Project No. 2409 license (Project No. 11197), NCPA holds the license and owns the 230 kV Collierville-Bellota and the 21 kV Spicer Meadows-Cabbage Patch transmission lines for Project No. 2409. NCPA also has a separate FERC license for Project No. 11563 (Upper Utica Project), which consists of three storage reservoirs that mainly feed the New Spicer Meadow Reservoir. This license expires in 2033. *Northern California Power Agency*, 104 F.E.R.C. ¶ 62,163 (2003). After the present FERC License for

Project No. 2409 expires in the year 2032, NCPA has the option to continue to purchase project capacity and energy during a subsequent license renewal period. It is currently estimated that the price will be significantly less than the comparable alternatives at that time. The purchase option includes all capacity and energy which is surplus to Calaveras’ needs for power within the boundaries of Calaveras County.

As with any hydroelectric generation project, the operation of the Hydroelectric Project is determined by consideration of its storage capacity, hydrology conditions, and available stream flows and requirements. The Hydroelectric Project has a 105-year record (1913 to 2018) of stream flows. Based upon the record, the Hydroelectric Project’s average production is estimated to be 512 GWh annually. The Hydroelectric Project is optimized together with NCPA’s other resources as determined by NCPA, to economically meet the load requirements of the respective project participants. The load-following characteristics of the Hydroelectric Project gives NCPA a great degree of flexibility in meeting the hourly and daily variations which occur in the project participants’ loads. The net Hydroelectric Project generation for the last five fiscal years has been as follows:

Fiscal Year Ended June 30	Hydroelectric Project Total Net Generation (GWh)
2015	164
2016	397
2017	945
2018	487
2019	852

NCPA financed the Hydroelectric Project through the issuance of Hydroelectric Project Number One Revenue Bonds, of which approximately \$265.7 million aggregate principal amount was outstanding as of September 1, 2019. Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, Ukiah and Plumas-Sierra are participants in the Hydroelectric Project. See “APPENDIX A—SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS” for a discussion of the obligations of each of the Significant Share Project Participants with respect to the Hydroelectric Project.

NCPA has sold the energy and capacity of the Hydroelectric Project to the project participants therein pursuant to a “take-or-pay” power sales contract, which requires payments to be made whether or not the project is completed or operable. Each purchaser is responsible under the power sales contract for paying its entitlement share in the Hydroelectric Project of all of NCPA’s costs of the Hydroelectric Project, including debt service on the aforementioned bonds as well as a “step-up” of up to 25% in the event of the unremedied default of another project participant in the Hydroelectric Project.

Geothermal Project

NCPA has developed a geothermal project (the “Geothermal Project”) located on federal land in certain areas of Sonoma and Lake Counties, California (the “Geysers Area”). In addition to the geothermal leasehold, wells, gathering system and related facilities, the Geothermal Project consists of two electric generating stations (Plant 1 and Plant 2), with combined 165 MW (nameplate rating) turbine generator units utilizing low pressure, low temperature geothermal steam, associated electrical, mechanical and control facilities, a heat dissipation system, a steam gathering system, a transmission tapline and other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes wellpads, access roads, steam wells and reinjection wells. NCPA formed two not-for-profit corporations controlled by its Members to own the generating plants of the Geothermal Project. NCPA manages the Geothermal Project for the corporations and is entitled to all the capacity and energy generated by the Geothermal Project.

As noted above, the Geothermal Project consists of two operating electric generating stations (Plant 1 and Plant 2), where Plant 1 contains two 55 MW (nameplate rating) turbine generator units, and Plant 2 contains one 55 MW (nameplate rating) turbine generator unit. Plant 1 and Plant 2 were originally developed and operated as separate projects referred to as “Geothermal Project Number 2” and “Geothermal Project Number 3,” respectively. Plant 1 became operational in 1983 and Plant 2 became operational in 1986. Plant 1 and Plant 2 are now operated together as the Geothermal Project pursuant to the terms of the Amended and Restated Geothermal Operating Agreement.

Steam for NCPA’s geothermal plants comes from lands in the Geysers Area, which are leased by NCPA from the federal government. NCPA operates these steam-supply areas. Operation of the geothermal plants at high generation levels, together with high steam usage by others in the same area, resulted in a decline in the steam production from the steam wells at a rate greater than expected. As a result, starting in 1988, NCPA has been taking steps to reduce the rate of steam production decline. NCPA entered into agreements with other geothermal operators in the Geysers Area to finance and construct the Southeast Geysers Effluent Pipeline Project, which was completed in September 1997 and began operating soon thereafter. The 26-mile pipeline collects wastewater from Lake County Sanitation District treatment plants at Clearlake and Middletown and delivers the wastewater to NCPA and the other Geysers steam field operator for injection into the steam field. In 2018, NCPA received approximately 40% of the wastewater for reinjections from this effluent pipeline.

NCPA has also implemented and continues to implement various operating strategies and modifications to further reduce the rate of decline in steam production. NCPA has modified all of the steam turbines and the associated steam collection system to enable generation with lower pressure steam and increased conversion efficiencies of the available steam resource.

Average annual generation of the Geothermal Project was approximately 100 MW gross (“MWG”) for calendar year (“CY”) 2018. Based on current operating protocols and forecasted operations, after CY 2018, both the average and peak capacity are expected to continue to decrease, reaching approximately 98.1 MW in CY 2019 and then steadily declining to 68 MWG by CY 2040. Under terms of the federal geothermal leasehold agreements, which became effective August 1, 1974, the leasehold had a 10-year primary term with provision for renewal as long thereafter as geothermal steam is produced or utilized, but not longer than 40 years. At the expiration of that period, if geothermal steam was still being produced, NCPA had a preferential right to renew the leasehold for a second term. In 2013, NCPA renewed the leasehold. The leasehold also requires NCPA to remove its leasehold improvements including the geothermal plants and steam gathering system when and if NCPA abandons the leasehold. Based upon a decommissioning costs study obtained by NCPA in December 2016, these decommissioning costs are currently estimated to total approximately \$64.8 million. NCPA has been collecting monies to pay the expected decommissioning costs since 2007 and holds \$20.2 million in a reserve for such purpose as of June 30, 2019. Collections towards future decommissioning costs are expected to be approximately \$1.7 million for Fiscal Year 2019-20.

Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Santa Clara, Ukiah and Plumas Sierra, along with non-NCPA Member Turlock Irrigation District, participate in the Geothermal Project. NCPA has sold the capacity and energy of the Geothermal Project to the Geothermal Project participants on a “take-or-pay” basis, in accordance with their respective project entitlement percentages to the capacity and energy of the Geothermal Project. NCPA financed the Geothermal Project with Geothermal Project Number 3 Revenue Bonds, of which \$20.1 million were outstanding as of September 1, 2019. See “APPENDIX A–SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS” for a discussion of the obligations of each of the Significant Share Project Participants with respect to the Geothermal Project.

Geysers Transmission Project

In order to meet certain obligations required of NCPA to secure transmission and other support services for the Geothermal Project, NCPA has undertaken a geysers transmission project (the “Geysers Transmission Project”) with the Geysers Transmission Project participants. The Geysers Transmission Project includes (i) a co-tenancy interest in PG&E’s 230 kV line from Castle Rock Junction in Sonoma County to the Lakeville Substation (the “Castle Rock to Lakeville Line”), (ii) additional firm transmission rights in the Castle Rock to Lakeville Line and (iii) the Central Dispatch Facility.

Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, Ukiah and Plumas Sierra, are participants in the Geysers Transmission Project. NCPA financed the Geysers Transmission Project through the issuance of Transmission Project Number One Revenue Bonds, which bonds were retired as of August 15, 2010.

Combustion Turbine Project Number One

The Combustion Turbine Project Number One (the “Combustion Turbine Project”) originally consisted of five combustion turbine units, each nominally rated 25 MW, with two units located in each of Roseville and Alameda and one in Lodi. Sale of the two units located in Roseville to the City of Roseville (an original participant in the Combustion Turbine Project) was effective on September 1, 2010, and the remaining Combustion Turbine Project includes only the two units in Alameda and the one unit in Lodi.

The Combustion Turbine Project provides capacity (i) that is economically dispatched during the peak load period to the extent permitted by air quality restrictions and (ii) to be used to meet the certain capacity reserve requirements (*e.g.*, resource adequacy requirements). This resource provides the capacity below current spot market prices for capacity but as is typical of this type of technology, the average cost for power per kWh of power delivered to the participants in the Combustion Turbine Project is comparatively expensive.

Alameda, Healdsburg, Lodi, Lompoc, Santa Clara, Ukiah and Plumas-Sierra, are the current participants in Combustion Turbine Project. NCPA has sold the capacity and energy of the Combustion Turbine Project to the Combustion Turbine Project participants on a “take-or-pay” basis, in accordance with their respective project entitlement percentages to the capacity and energy of the Combustion Turbine Project. NCPA financed the Combustion Turbine Project through the issuance of Combustion Turbine Project Number One Revenue Bonds, which bonds were retired as of August 15, 2010.

Natural Gas Supply Contracts

NCPA, on behalf of the project participants of the Capital Facilities Project’s Unit One and the Combustion Turbine Project, has entered into a Master Transaction Confirmation that is appended to and made part of a Base Contract for Sale and Purchase of Natural Gas (the “Consolidated Natural Gas Agreement”), effective on October 30, 2012, with EDF Trading North America, LLC (“EDF”). The Consolidated Natural Gas Agreement provides gas supply and management services, including the following:

- Supply of spot market gas for the full daily output of Combustion Turbine Project Number One and Unit One of the Capital Facilities Project (approximately 35,136 MMBtu/day); and
- Scheduling, nomination, balancing and settlement services for NCPA gas supplies from third parties.

The contract with EDF automatically renews each year on January 1, unless terminated earlier by six months written notice by either party.

Pursuant to a 30-year agreement terminating in October 2023 with various natural gas pipeline management companies, NCPA has entitlement rights to natural gas pipeline capacity of approximately 2,743 MMBtu/day sourced at AECO (Alberta) and sinking at PG&E Citygate (California). The four pipeline segments that are included in the contiguous pipeline entitlement include pipeline contained in the following natural gas systems: NOVA Gas Transmission Ltd. (NOVA), Foothills Pipelines (Foothills), Gas Transmission Northwest (GTN), and PG&E's CGT (CGT). NCPA's natural gas pipeline rights are managed by Mercuria Energy America, Inc., pursuant to an Asset Management Agreement for Pipeline Transport Capacity dated January 1, 2015. For release of such natural gas pipeline to Mercuria Energy America, Inc., NCPA is paid the value of the unused pipeline capacity by the pipeline manager.

In addition, NCPA and EDF entered into an agreement to provide the gas supply and the nomination, imbalance and settlement services for NCPA's Lodi Energy Center, which became effective on September 1, 2016. See "– Lodi Energy Center Project" above.

Power Purchase and Natural Gas Contracts

Henwood Power Purchase Agreement. NCPA, on behalf of Alameda, entered into a power purchase agreement with Henwood Associates, Inc. for 440 kW of capacity and energy. The energy source for the facility is hydroelectric and the facility meets the qualifying facilities requirements, established by FERC. The facility output, which varies with hydrological conditions, has averaged about 2,000 megawatt hours ("MWhs") per year. Deliveries under the agreement began February 1, 2010 and will terminate on January 31, 2030.

Antelope Expansion Power Purchase Agreement. NCPA, on behalf of Biggs, Gridley, Healdsburg, Lodi and Port of Oakland, entered into a power purchase agreement with Antelope Expansion 1B, LLC, for a 33.78%, or approximately 17 MW, share of the output of the Antelope Expansion Phase 1 solar facility. The facility is a 51 MW photovoltaic plant under development in the City of Lancaster, Los Angeles County, California. The facility is expected to reach commercial operation on or about June 30, 2021. The term of the power purchase agreement is 20 years.

Market Purchase Program. NCPA, on behalf of Alameda, BART, Biggs, Gridley, Healdsburg, Lodi, Lompoc and Ukiah may enter into supply agreements for terms of up to five years utilizing NCPA Commission approved Edison Electric Institute and WSPP Inc. Purchase Agreements. Procurement terms and conditions are governed by a Market Purchase Program agreement between NCPA and the participating Members listed in the preceding sentence. Purchase amounts are limited to 115% of each participating members forecast net open position associated with the period of the procurement. The Program was approved by the NCPA Commission on July 26, 2007.

Natural Gas Program. NCPA, on behalf of Biggs, Gridley, Healdsburg, Lodi, Lompoc and Ukiah may enter into gas supply agreements using competitive bids submitted in response to a NCPA Request For Proposals ("RFP Process"), or (ii) through direct purchases from the State of California Department of General Services Natural Gas Services Program. Procurement terms and conditions are governed by a Natural Gas Program agreement between NCPA and the participating Members identified in the preceding sentence. Purchases are subject to limits as may be changed from time to time as outlined in the NCPA Energy Risk Management Policy and/or Regulations. The Natural Gas Program was approved by the NCPA Commission on March 24, 2011.

NCPA Services Agreements

BART Services Agreement. NCPA provides power supply and scheduling services to BART pursuant to a Single Member Services Agreement which was executed on December 1, 2005 (as amended from time to time). Under this agreement, NCPA procures power to meet BART's power supply needs utilizing NCPA Commission approved Edison Electric Institute and WSPP Inc. Purchase Agreements.

Non-Member Customer Services Agreements. NCPA, pursuant to individual Services Agreements, supplies a variety of wholesale energy market services to non-member customers, including, but not limited to, scheduling services, operating services, and portfolio management services. NCPA is currently providing non-member services to the Merced Irrigation District, Placer County Water Agency, Pioneer Community Energy, East Bay Community Energy, and San Jose Clean Energy, under Services Agreements that extend for varying terms ranging from December 31, 2019 to June 30 2022. See "NORTHERN CALIFORNIA POWER AGENCY – Wholesale Power Trading and Other Activities."

RATE REGULATION

Each Project Participant and NCPA sets rates, fees and charges for electric service. The authority of the Project Participants or NCPA to impose and collect rates and charges for electric power and energy sold and delivered is not subject to the general regulatory jurisdiction of the California Public Utilities Commission ("CPUC") and presently neither the CPUC nor any other regulatory authority of the State of California nor FERC approves such rates and charges. Although the retail rates of the Project Participants and NCPA are not subject to approval by any federal agency, the Project Participants and NCPA are subject to certain ratemaking provisions of the Federal Public Utility Regulatory Policies Act of 1978 ("PURPA") and Sections 211-213 of the Federal Power Act ("FPA"). It is possible that future legislative and/or regulatory changes could subject the rates and/or service areas of the Project Participants or NCPA to the jurisdiction of the CPUC or to other limitations or requirements.

FERC could potentially assert jurisdiction over rates of licensees of hydroelectric projects and customers of such licensees under Part I of the FPA, although it has not as a practical matter exercised or sought to exercise such jurisdiction to modify rates that would legitimately be charged. If it did assert such jurisdiction, the result might have some significance for NCPA and its Hydroelectric Project participants.

Under provisions of the FPA, FERC has the authority, under certain circumstances and pursuant to certain procedures, to order any utility (municipal or otherwise) to provide transmission access to others at FERC-approved rates. In addition, the Energy Policy Act of 2005 expanded FERC's jurisdiction to require municipal utilities that sell more than eight million MWhs of energy per year to pay refunds under certain circumstances for sales into organized markets. To date, neither NCPA nor any of the Project Participants meet this threshold requirement.

The California Energy Commission (the "CEC") is authorized to evaluate rate policies for electric energy as related to the goals of the Energy Resources Conservation and Development Act and to make recommendations to the Governor, the Legislature and publicly-owned electric utilities.

CONSTITUTIONAL LIMITATIONS IN CALIFORNIA AFFECTING FEES AND CHARGES

The following is a discussion of certain limitations under provisions of the California Constitution that may affect the rates, fees and charges imposed by the Project Participants for the electric services they provide.

Proposition 218 and Proposition 26

Proposition 218, a State ballot initiative known as the “Right to Vote on Taxes Act,” was approved by the voters of the State of California on November 5, 1996. Proposition 218 added Articles XIII C and XIII D to the State Constitution. Article XIII C imposes a majority voter approval requirement on local governments (including the Project Participants) with respect to taxes for general purposes, and a two-thirds voter approval requirement with respect to taxes for special purposes. Article XIII D creates additional requirements for the imposition by most local governments of general taxes, special taxes, assessments and “property-related” fees and charges. Article XIII D explicitly exempts fees for the provision of electric service from the provisions of such article.

Article XIII C expressly extends the people’s initiative power to the reduction or repeal of local taxes, assessments, and fees and charges imposed prior to its effective date (November 1996). The California Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006) that, under Article XIII C, local voters by initiative may reduce a public agency’s water rates and delivery charges, as those are property-related fees or charges within the meaning of Article XIII D, and noted that the initiative power described in Article XIII C may extend to a broader category of fees and charges than the property-related fees and charges governed by Article XIII D. Moreover, in the case of *Bock v. City Council of Lompoc*, 109 Cal.App.3d 52 (1980), the Court of Appeal determined that an electric rate ordinance was not subject to the same constitutional restrictions that are applied to the use of the initiative process for tax measures so as to render it an improper subject of the initiative process. Thus, electric service charges (which are expressly exempted from the provisions of Article XIII D) may be subject to the initiative provisions of Article XIII C, thereby subjecting such fees and charges to reduction by the electorate. NCPA and the Project Participants believe that even if the electric rates of the Project Participants are subject to the initiative power, under Article XIII C or otherwise, Article XIII C does not grant to the electorate of a Project Participant the power to repeal or reduce its electric rates and charges in a manner that would impair the payment of the contractual obligations of the Project Participants (including those under the Unit One Member Agreement).

The California electorate approved Proposition 26 at the November 2, 2010 election, amending Article XIII C of the California Constitution. Proposition 26 was designed to supplement tax limitations California voters adopted when they approved Proposition 13 in 1978, and Proposition 218 in 1996. Proposition 26 applies by its terms to any levy, charge or exaction imposed, increased or extended by a local government on or after November 3, 2010. Proposition 26 deems any such levy, charge or fee to be a “tax”, requiring voter approval under Article XIII C unless it comes within one of the listed exceptions. Proposition 26 expressly excludes from its definition of a “tax,” among other things, a “charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.” Proposition 26 is applicable to the electric rates of governmental entities such as the Project Participants; therefore, newly adopted rates must conform to its requirements.

Proposition 26 is subject to interpretation by California courts, including the extent to which it is applicable to pre-existing electric rates and general fund transfers. A number of lawsuits have been filed against public agencies in California under Proposition 26, including particularly with respect to electric utility fund transfers. NCPA and the Project Participants are unable to predict at this time how Proposition 26 will ultimately be interpreted.

Other Initiatives

Articles XIII C and XIII D and the amendments effected thereto by Proposition 26 were adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time, including presently, other initiatives have been, and could be, proposed, and if qualified for the ballot, could

be enacted which place limitations on the ability of NCPA and/or the Project Participants to raise rates or otherwise affect NCPA's and/or the Project Participants revenues or operations. Neither the nature and impact of these measures nor the likelihood of qualification for ballot or passage can be anticipated by NCPA and the Project Participants.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

The following discussion of legislative, regulatory and other factors affecting the electric utility industry should be considered when evaluating NCPA, the Project and the Project Participants and considering an investment in the 2019 Series A Bonds. NCPA is unable to predict what impact such factors will have on the business operations and/or financial condition of any individual Project Participant or whether any additional legislation or rules will be enacted which will affect NCPA, the Project or the Project Participant's finances or operations, but the impacts could be significant. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain, and potential purchasers of the 2019 Series A Bonds should obtain and review such information. Such information is not incorporated herein by reference.

State Legislation and Regulatory Proceedings

California energy policy is driven by the State's goal to reduce carbon emissions to 80% below 1990 levels by the year 2050. Current State law requires California to reduce emissions to 40% below 1990 levels by 2030. NCPA, the Project Participants and the electric utility industry are subject to a myriad of clean energy policies that regulate greenhouse gas ("GHG") emissions, providing for greater investment in energy efficiency and environmentally friendly generation and storage alternatives, principally through more stringent renewable resource portfolio standard requirements and more aggressive emissions reduction programs to combat the effects of climate change. Recently enacted legislation has also focused on addressing issues relating to wildfire risks and occurrences in California, including imposing certain requirements on electric utilities in connection with planning for and mitigation of such occurrences and risks. Pursuant to enacted legislation, State regulatory agencies such as the California Air Resources Board ("CARB") and the CEC are also pursuing several programs designed to reduce GHG emissions and encourage or mandate renewable energy generation. Set forth below is a brief summary of certain of these activities.

California Climate Program. The State's climate program was initially codified by Assembly Bill 32, the Global Warming Solutions Act of 2006 (the "GWSA"), which became effective on January 1, 2007. The GWSA prescribed a statewide cap on global warming pollution with a goal of returning to 1990 GHG emission levels by 2020. The GWSA established an annual mandatory reporting requirement for all investor-owned utilities ("IOUs"), POUs, and other load-serving entities (electric utilities providing energy to end-use customers) to inventory and report greenhouse gas emissions to CARB, required CARB to adopt regulations for significant greenhouse gas emission sources, allowing CARB to design a "cap-and-trade" program (discussed below) and gave CARB the authority to enforce such regulations beginning in 2012.

Currently, the policy objectives of California's climate program is governed by Senate Bill 32 ("SB 32"), signed into law in September 2016 and effective as of January 1, 2017. SB 32 requires CARB to take actions to ensure that statewide GHG emissions from within the State are reduced to at least 40% below 1990 levels by 2030.

In addition, Senate Bill 350 ("SB 350"), the Clean Energy and Pollution Reduction Act of 2015, required CARB, in consultation with the CPUC and the CEC, to establish 2030 GHG emission targets for each electric utility in the State. At present, these targets are non-binding, and primarily intended to help the State measure progress toward the 2030 statewide goal outlined in SB 32. The targets, however, are an

input to the development of the Integrated Resource Plans that are required of the State's 16 largest local publicly-owned electric utilities ("POUs"), which include the four largest NCPA member systems (Santa Clara, Roseville, Redding, and Palo Alto). See "*Integrated Resource Plans (IRP)*" below.

Cap-and-Trade Program. CARB has adopted a series of regulations implementing a cap-and-trade program (the "Cap-and-Trade program"). The Cap-and-Trade program is the most significant component of the State climate program that impacts electric utilities. Under the program, all regulated entities are required to obtain and submit to CARB compliance instruments (allowances and/or offsets) with respect to GHG emissions relating to its State generation activities, as well as for imported electricity from dedicated out-of-state resources. NCPA and the Project Participants, like other electric utilities, receive administrative allocations of allowances for some of their expected GHG emissions. Entities that emit GHGs at levels above those for which they receive administrative allocations, if any, must purchase the additional allowances they require at the CARB auctions or from other covered entities with surplus allowances. In addition, NCPA and the Project Participants may indirectly bear compliance costs for independent generators that must purchase allowances for their generation.

The Cap-and-Trade program is presently authorized to continue through 2030. Project Participants are expected to receive more than \$400 million in proceeds from the sale of these allowances between 2021 and 2030, which will substantially minimize the impact of CARB's requirement to purchase allowance on Project Participants' finances and operations.

GHG Emissions Performance Standard and Financial Commitment Limits. Senate Bill 1368 ("SB 1368") became effective as law on January 1, 2007. SB 1368 provided for an emission performance standard ("EPS") restricting new investments in baseload electric generating resources that exceed a specified rate of GHG emissions (1,100 pounds of carbon dioxide (CO₂) per MWh). SB 1368 prohibits POUs from making any "long-term financial commitment" in connection with "baseload generation" that does not satisfy the EPS. Generally, a "long term financial commitment" is any new or renewed power purchase agreement with a term of five years or more, the purchase of an interest in a new power plant or any investment, other than routine maintenance, in an existing power plant that extends the life of the plant by more than five years or results in an increase in its rated capacity. "Baseload generation" means a power plant that is intended to operate at an annualized capacity factor of 60 percent or more.

Energy Procurement and Efficiency Reporting. Senate Bill 1037, chaptered in 2005 ("SB 1037") requires that each POU, including the Project Participants, prior to procuring new energy generation resources, first acquire all available energy efficiency, demand reduction, and renewable resources that are cost-effective, reliable and feasible. SB 1037 also requires each POU to report annually to its customers and to the CEC its investment in energy efficiency and demand reduction programs. The Project Participants are complying with such ongoing reporting requirements.

State law requires that POUs establish, report, and explain the basis of the annual energy efficiency and demand reduction targets once every four years. The Project Participants are complying with such ongoing reporting requirements. The information obtained from the POUs is being used by the CEC to present progress made by the State to double energy efficiency savings in electricity and natural gas final end uses by 2030, to the extent doing so is cost effective, feasible, and does not adversely impact public health and safety, as prescribed in SB 350.

California Renewables Portfolio Standard. California's legislature and executive branch have been active in promoting increasingly stringent renewable energy procurement requirements since 2002. Initial legislative efforts established a renewables portfolio standard ("RPS"), requiring 20% of all renewable electricity retail sales to come from renewable energy generation by 2017. Since then, legislative and executive branch initiatives have raised that standard several times. Senate Bill X1-2, chaptered in 2011 ("SBX 1-2"), requires each POU to adopt and implement a renewable energy resource procurement plan

and established procurement targets for three compliance periods to be implemented by the procurement plan, culminating in the procurement of eligible renewable energy resources sufficient to provide 33% of retail sales by December 31, 2020. SB 350 established an RPS target of 50% by December 31, 2030 for the amount of electricity generated and sold to retail customers from eligible renewable energy resources for retail sellers and POU, including interim targets of (i) 40% by the end of the 2021-2024 compliance period, (ii) 45% by the end of the 2025-2027 compliance period and (iii) 50% by the end of the 2028-2030 compliance period. Current law, enacted by Senate Bill 100 (“SB 100”), the 100 Percent Clean Energy Act of 2018, accelerates the State’s RPS target established by SB 350 and requires all California utilities to meet a 60% RPS requirement by 2030. SB 100 additionally establishes a state policy that calls for eligible renewable energy resources and zero-carbon resources to supply 100% of retail sales of electricity to California end-use customers by December 31, 2045.

The governing boards of POU are responsible for implementing the RPS requirements, rather than the CPUC, as is the case for the IOUs. In addition, the CEC was given certain enforcement authority for POU and CARB was given the authority to set penalties. The CEC has developed detailed rules to implement its RPS program, and has adopted and, from time to time amended, regulations for the enforcement of the RPS program requirements for POU.

See “APPENDIX A–SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS” for information regarding the status of compliance of each of the Significant Share Project Participants with RPS targets under current State law.

Integrated Resource Plans (IRP). SB 350 requires that all POU with demand greater than 700 gigawatt hours to develop an IRP at least once every five years, no later than January 1, 2019. Four NCPA members are subject to this requirement (Santa Clara, Roseville, Redding, and Palo Alto). Each member completed its IRP within the required timeline. The next IRPs will be due no later than 2024.

Legislation Relating to Wildfires; Related Risks. SB 1028 (chaptered in 2016), required that each POU and each electric cooperative in the State construct, maintain, and operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment. SB 1028 required the governing board of each POU to determine, based on historical fire data and local conditions, and in consultation with the fire departments or other entities responsible for the control of wildfires within the geographical area where the utility’s overhead electrical lines and equipment are located, whether any portion of that geographical area has a significant risk of wildfire resulting from those electrical lines and equipment, and if so, to present for board approval wildfire mitigation measures the utility intends to undertake to minimize the risk of its overhead electrical lines and equipment causing a catastrophic wildfire.

SB 901 (chaptered in 2018), amended certain provisions of SB 1028 requiring POU and electric cooperatives to prepare wildfire mitigation measures if the utilities’ overhead electrical lines and equipment are located in an area that has a significant risk of wildfire resulting from those electrical lines and equipment. Under SB 901, each POU or electric cooperative is required to prepare before January 1, 2020 and annually thereafter, a wildfire mitigation plan. SB 901 requires specified information and elements to be considered as necessary, at minimum, in the wildfire mitigation plan. The POU or electric cooperative is required to present each wildfire mitigation plan in an appropriately noticed public meeting, and to accept comments on its wildfire mitigation plan from the public, other local and state agencies, and interested parties. In addition, SB 901 requires the POU or electric cooperative to contract with a qualified independent evaluator with experience in assessing the safe operation of electrical infrastructure to review and assess the comprehensiveness of its wildfire mitigation plan. The report of the independent evaluator is to be made available to the public and to be presented at a public meeting of the POU’s governing board.

AB 1054 was signed into law by Governor Newsom on July 12, 2019. AB 1054 was enacted as an urgency statute to take effect immediately. AB 1054 establishes a Wildfire Fund of approximately \$21 billion to provide liquidity for IOUs (only) to facilitate payment of eligible, uninsured third-party damage claims resulting from future catastrophic wildfires. AB 1054 revises the cost recovery review of wildfire costs and expenses for IOUs before the CPUC, and establishes safety certification protocols that IOUs must meet in order to participate in the Wildfire Fund. The participation by Pacific Gas and Electric Company (“PG&E”) in the Wildfire Fund is subject to the resolution of its bankruptcy by June 30, 2020. See “–PG&E Bankruptcy” below. AB 1054 provides for a cap on an IOU’s obligations to reimburse the Wildfire Fund and a presumption of reasonableness if a utility develops and maintains a valid safety certification from the Wildfire Safety Division, which is established in the CPUC pursuant to companion legislation, Assembly Bill 111, also signed into law on July 12, 2019. To receive the safety certification from the CPUC, the IOU must develop and implement an approved wildfire mitigation plan, implement the findings of its safety culture assessments, establish a safety committee of its board of directors, establish board level reporting to the CPUC on safety issues, and adopt a compensation structure tied to safety performance, among other requirements.

AB 1054 expands on the existing requirements established under SB 901 for POUs to make and implement wildfire mitigation plans. AB 1054 also establishes the California Wildfire Safety Advisory Board (the “Wildfire Advisory Board”), a seven member board to be appointed by the Governor (five members), the Speaker of the State Assembly (one member) and the State Senate Committee on Rules (one member). The Wildfire Advisory Board will provide advice and recommendations related to wildfire safety, including on the content and sufficiency of wildfire mitigation plans. AB 1054 requires that after January 1, 2020, each POU or electrical cooperative submit, by July 1 of each year, its plan to the Wildfire Advisory Board for review and comment. Under AB 1054, the Wildfire Advisory Board is required to provide comments and an advisory opinion to each POU regarding the content and sufficiency of its plan and to make recommendations on how to mitigate wildfire risks. AB 1054 requires each POU to comprehensively revise its plan at least once every three years. NCPA and the Project Participants expect to prepare and submit wildfire mitigation plans in accordance with the requirements of AB 1054 by July 1, 2020 as required.

A lawsuit challenging AB 1054 has been filed in the U.S. District Court for the Northern District of California. The suit alleges the law violates the U.S. and California constitutions with claims of due process violation, illegal “takings” and illegal gift of public funds for a private purpose. The suit also alleges that the law is in violation of the urgency clause and of the right to access information under the California constitution.

A number of wildfires occurred in California in 2017, 2018 and 2019. Under the doctrine of inverse condemnation (a legal concept that entitles property owners to just compensation if their property is damaged by a public use), California courts have imposed liability on utilities in legal actions brought by property holders for damages caused by the utility’s infrastructure. Thus, if the facilities of a utility, such as its electric distribution and transmission lines, are determined to be the substantial cause of a fire, and the doctrine of inverse condemnation applies, the utility could be liable for damages without having been found negligent. In August 2019, in its decision in the case of *City of Oroville v. Superior Court of Butte County*, No. S243247 (Cal. Aug. 15, 2019) involving damages related to sewage overflows from a city sewer system, the California Supreme Court held that to succeed on an inverse condemnation claim, a property owner must demonstrate that the property damage was the probable result or necessary effect of an inherent risk associated with the design, construction or maintenance of the relevant public improvement. SB 1028, SB 901 or AB 1054 does not address the existing legal doctrine relating to utilities’ liability for wildfires. How any future legislation or judicial decisions addresses California’s inverse condemnation and liability issues for utilities in the context of wildfires in particular could be significant for the electric utility industry.

NCPA's Commission updated its Wildfire Mitigation Plan, which addresses more than a dozen activities that are intended to reduce the risks of wildfire occurrences related to the operation of its facilities and equipment, as prescribed in SB 901. NCPA's Commission approved the update on December 5, 2019 in advance of the statutory required January 1, 2020 date. Measures currently undertaken by NCPA include, among others, a program for the physical inspection of its overhead electrical transmission and distribution lines each year, and routine replacement of poles, towers and insulators as needed, as well as established guidance for the operation of specific facilities during emergency conditions, including wildfires. NCPA owns relatively few miles of overhead electrical transmission and distribution lines and conducts a complete inspection of any line that has tripped out of service prior to re-closing the circuit. In addition, NCPA has developed and implemented a transmission and vegetation management program to provide for the inspection, maintenance, documentation and reporting requirements for vegetation located within or adjacent to NCPA's power line right-of-way in accordance with the standards established by the California Department of Forestry and Fire Protection ("Cal Fire"), state statute and/or the North American Electric Reliability Corporation ("NERC").

NCPA also maintains general liability insurance that would include coverage for wildfires. It should be noted, however, that potential liabilities for utilities in connection with wildfires has adversely impacted the market for insurance, leading to a reduction in underwriting capacity and increased premiums, which effects are expected to continue. For information regarding the wildfire mitigation measures of certain of the Significant Share Project Participants, see also "APPENDIX A – SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS."

Impact of California Energy Market Developments on NCPA and the Project Participants. The effect of the developments in the California energy markets described above on the Project Participants cannot be fully ascertained at this time. Also, volatility in energy prices in California may return due to a variety of factors that affect both the supply and demand for electric energy in the western United States. These factors include, but are not limited to, the adequacy of generation resources to meet demand at all hours, the availability and cost of renewable energy, the impact of economy-wide GHG emission legislation and regulations, fuel costs and availability, weather effects on customer demand, the impact of climate change, wildfire mitigation and potential liability cost recovery, insurance costs, transmission congestion, the strength of the economy in California and surrounding states and levels of hydroelectric generation within the region (including the Pacific Northwest). This price volatility may contribute to greater volatility in the revenues of the Project Participants' respective electric systems from the sale (and purchase) of electric energy and, therefore, could materially affect each of the Project Participant's financial condition. Each Project Participant undertakes resource planning and risk management activities and manages its resource portfolio to mitigate such price volatility and spot market rate exposure. For a discussion of each of the Significant Share Project Participant's current resource planning activities, see "Power Supply Resources" in each of the Significant Share Project Participants sections in "APPENDIX A–SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS."

Federal Energy and Environmental Policies and Legislation

Federal Policy on Cybersecurity. In February 2013, then-President Obama issued an Executive Order "Improving Critical Infrastructure Security." Among other things, such Executive Order called for improved information sharing and processing of security clearances for owners and operators of critical infrastructure. The Executive Order further required the Secretary of Commerce to direct the National Institute of Standards and Technology ("NIST") to lead the development of a framework ("Framework") to reduce cyber risks to critical infrastructure. The voluntary Framework will continue to be updated and improved as the industry provides feedback on implementation.

The Cybersecurity Information Sharing Act of 2015 was signed into law in December 2015. It creates an industry-supported, voluntary cybersecurity information sharing program which facilitates the

secure sharing of cyber-related threat information among both public and private sector entities. NCPA participates in sharing and receiving information about cybersecurity threats in real time through a central hub as a tool to actively manage risk related to potential cyber intrusion.

In September 2018, President Trump signed the “National Cyber Strategy,” which sought to update the nation’s cybersecurity strategy for the first time in 15 years – and identified “energy and power” as one of the seven key areas for protection.

Federal Power Act. Although NCPA and its members are exempt from most federal rate regulation pursuant to Section 201(f) of the FPA (see “RATE REGULATION”), the Federal Energy Policy Act of 2005 (“EPAct 2005”), imposed specific exceptions. In particular, FERC was given authority over the behavior of market participants. Under FERC’s authority it can impose penalties on any seller for using a manipulative or deceptive device, including market manipulation, in connection with the purchase or sale of energy or of transmission service. The Commodity Futures Trading Commission (“CFTC”) also has jurisdiction to enforce certain types of market manipulation or deception claims under the Commodity Exchange Act.

Additionally, pursuant to Section 215 of the FPA, and FERC’s implementing regulations and orders, the North American Electric Reliability Corporation (“NERC”) and its regional affiliates, including the Western Electric Coordinating Council (“WECC”), develop and enforce mandatory electric reliability standards to provide for the reliable operation of the bulk electric system. The reliability standards include requirements related to the cybersecurity of systems that could affect the reliable operation of the grid. Those reliability standards, particularly those related to cybersecurity, are continually being amended to address emerging reliability risks.

NCPA and some its members are required to comply with the applicable reliability standards and are potentially subject to penalties if they are found to have violated any of those standards. Violations that pose minimal risk to the bulk electric system may be resolved without any financial penalties, while violations that pose moderate or serious risk may result in significant penalties.

While the penalties for violations of market manipulation rules or reliability standards can be quite serious, these risks can be mitigated by strong compliance programs, and NCPA has taken proactive measures to assure that it has such compliance programs in place.

Regulatory Actions under the Clean Air Act. The United States Environmental Protection Agency (the “EPA”) regulates GHG emissions under existing law by imposing monitoring and reporting requirements, and through its permitting programs. Like other air pollutants, GHGs are regulated under the Clean Air Act through the Prevention of Significant Deterioration (“PSD”) Permit Program and the Title V Permit Program. A PSD permit is required before commencement of construction of new major stationary sources or major modifications of a major stationary source and requires best available control technologies (“BACT”) to control emissions at a facility. Title V permits are operating permits for major sources that consolidate all Clean Air Act requirements (arising, for example, under the Acid Rain, New Source Performance Standards, National Emission Standards for Hazardous Air Pollutants, and/or PSD programs) into a single document and the permit process provides for review of the documents by the EPA, state agencies and the public. GHGs from major natural gas-fired facilities are regulated under both permitting programs through performance standards imposing efficiency and emissions standards.

The focus of federal action toward the regulation of GHG emissions has changed significantly in recent years. In October 2015, under the Obama Administration, the EPA published the Clean Power Plan, which would have established carbon pollution standards for new, modified, and reconstructed power plans, and carbon pollution emission guidelines for existing electricity utility generating units. The total national emissions reduction goal under the Clean Power Plan called for a 32 percent reduction in GHG emissions

from 2005 levels by 2030, with incremental interim goals for the years from 2022 through 2029. The program would have allowed states multiple options for measuring reductions and established different reduction goals depending upon the regulatory program set forth in the state plan.

A combination of legal challenges and a change in the federal administration led to the repeal of the Clean Power Plan, replaced by the Affordable Clean Energy rule in July 2019. The final Affordable Clean Energy rule: (i) replaces the Clean Power Plan with revised emissions guidelines that inform the development, submittal, and implementation of state plans to reduce GHG emissions from fossil fuel steam electric generating units, primarily coal-fired plants; and (ii) implements new regulations that provide direction to both the EPA and the states on the implementation of emission guidelines. The final rule identifies heat rate improvements as the best system of emission reduction from coal-fired power plants, to be made at the individual facilities. The final rule became effective on September 6, 2019. Under the Affordable Clean Energy rule, states will have three years to submit implementation plans. The EPA will have 12 months thereafter to approve or disapprove a state's plan.

A number of environmental advocates and state attorneys general have filed lawsuits in the D.C. Circuit Court challenging the Affordable Clean Energy rule.

NCPA and the Project Participants are unable to predict at this time the outcome of any ongoing legal challenges to EPA rulemaking with respect to GHG emissions. Further, given the legal uncertainty regarding the status of the Affordable Clean Energy rule, it is too early to determine the effect that any final rules promulgated by the EPA regulating GHG emissions from electric generating units will have on the NCPA and the Project Participants or their respective electric systems. However, if the current form of the final Affordable Clean Energy is ultimately upheld, NCPA and Project Participants will not be directly affected by this proceeding since its focus is on coal.

Ongoing Environmental Regulation. Electric utilities are subject to continuing environmental regulation. Federal, State and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that any facilities or projects of NCPA or a Project Participant will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations or will always be able to obtain all required operating permits. In addition, the election of a new administration in the upcoming 2020 presidential election could substantially impact the current environmental standards and regulations and other matters described herein. An inability to comply with environmental standards could result in, for example, additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. In addition, increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

Changing Laws and Requirements Generally

On both the State and federal levels, legislation is introduced frequently addressing domestic energy policies and various environmental matters and impacts relating to energy, including the generation of energy using conventional and unconventional technologies. Issues raised in recent legislative proposals have included implementation of energy efficiency and renewable energy standards, addressing transmission planning, siting and cost allocation to support the construction of renewable energy facilities, cybersecurity legislation that would allow FERC to issue interim measures to protect critical electric infrastructure, a federal cap-and-trade program to reduce GHG emissions, and renewable energy incentives that could provide grants and credits to municipal utilities to invest in renewable energy infrastructure. Congress has also considered other bills relating to energy supplies and development (such as expedited permitting for natural gas drilling projects, reducing regulatory burdens, climate change and water quality).

Neither NCPA nor any Project Participant is able to predict at this time whether any of these or other legislative proposals will be enacted into law and, if so, the impact they may have on the operations and finances of such entities or on the electric utility industry in general.

PG&E Bankruptcy

The following statements in this section regarding PG&E's financial condition, potential wildfire liabilities, and its actions and developments in connection with PG&E's voluntary bankruptcy filing have been obtained from public sources that NCPA believes to be reliable, but such statements have not been independently verified by NCPA and NCPA assumes no responsibility for the accuracy or completeness thereof.

On January 14, 2019, PG&E and its parent company, PG&E Corporation, announced their intention to file, on or about January 29, 2019, for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). On January 29, 2019, PG&E and PG&E Corporation filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code. A Chapter 11 case under the Bankruptcy Code is utilized to accomplish either a restructuring and/or liquidation of businesses. On September 9, 2019, PG&E and PG&E Corporation filed a reorganization plan with the United States Bankruptcy Court for the Northern District of California (the "Bankruptcy Court") in San Francisco. The filed reorganization plan provides for an exit from bankruptcy prior to the June 30, 2020 deadline established by AB 1054. The plan requires approval by a majority of the impaired creditors (*i.e.*, those creditors who would not be receiving the full amount of their claims under the reorganization plan) and the CPUC before it can be confirmed. On September 13, 2019, a group of insurers whose customers lost their homes in the 2017 and 2018 Northern California wildfires and PG&E reached an agreement to settle the insurers' claims against PG&E. The settlement amount, which remains subject to court approval, was higher than the amount that PG&E and PG&E Corp. had included in the reorganization plan. The plan filed on September 9, 2019 was amended to reflect this increase. PG&E's reorganization plan is expected to continue to be updated as further developments require. On September 20, 2019, a competing reorganization plan was submitted to the Bankruptcy Court by the holders of PG&E Corporation's bonds and a committee representing fire victims. On September 26, 2019, the CPUC opened a formal proceeding to consider the ratemaking and other implications of the proposed plan of reorganization filed by PG&E in the bankruptcy proceeding. On October 9, 2019, the bankruptcy judge terminated PG&E's exclusive right to file a Chapter 11 reorganization plan, allowing the competing reorganization plan to move forward concurrently with PG&E's plan. As noted above, as the primary state regulator of PG&E, by law, the CPUC must review and approve any proposed reorganization plan and related transactions, before PG&E's bankruptcy can be resolved.

In its bankruptcy filings, PG&E indicated that its voluntary bankruptcy filing was initiated to address extraordinary financial challenges. These are largely attributed to its potential liabilities associated with a number of wildfires which occurred in Northern California in 2017 and 2018. In its Form 8-K filing with the Securities and Exchange Commission (the "SEC") (date of report: January 13, 2019) reporting its intent to file voluntary bankruptcy and its subsequent bankruptcy filings, PG&E estimated if it were found liable for certain or all of the costs, expenses and other losses with respect to the 2017 and 2018 Northern California wildfires, the amount of such liability (exclusive of potential putative damages, fines and penalties or damages related to future claims) could exceed \$30 billion. SB 901, which was enacted by the California legislature in September 2018, addressed a portion of the liabilities PG&E faced in connection with the 2017 wildfires. That legislation, however, expressly excluded any similar relief for wildfires occurring in 2018. AB 1054, which was enacted by the legislature in July 2019 (described above) addresses certain liabilities for eligible future wildfire costs but will not cover any liabilities arising from previous 2017 and 2018 wildfires. See also "– State Legislation and Regulatory Proceedings – *Legislation Relating to Wildfires; Related Risks*" above.

NCPA is a party to a number of interconnection agreements with PG&E that provide the terms and conditions for connecting NCPA resources and member loads to the CAISO-controlled grid or PG&E's wholesale transmission system. Each of NCPA's generating facilities, including the geothermal, hydroelectric and gas-fired resources, are interconnected within the CAISO Balancing Authority Area through PG&E's transmission system. The geothermal facilities also use rights of access to a transmission line (the co-tenancy line) wherein PG&E is the majority owner of the transmission line. In addition, NCPA receives all of the natural gas fuel supply required to operate its Lodi Energy Center Project, Combustion Turbine Project Number One and Capital Facilities Project, Unit One through PG&E's natural gas pipeline system. See "THE PROJECT" and "OTHER NCPA PROJECTS." The electric systems of the Project Participants, but for Roseville, are interconnected to the PG&E transmission system (including through the CAISO controlled grid), and Roseville also receives fuel supply for its gas-fired generation resources through PG&E's natural gas pipeline system. See also "APPENDIX A – SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE PROJECT PARTICIPANTS" for information regarding the Significant Share Project Participants' electric systems and power and fuel resources. NCPA has no long-term contracts currently in place for the purchase of energy, energy-related commodities, or natural gas from PG&E, and NCPA currently does not have any accounts receivable due from PG&E in connection with wholesale market activities. NCPA is participating in the PG&E bankruptcy proceedings in order to protect its interests in connection with claims related to certain refunds and settlement amounts to be ordered or owed from PG&E in FERC proceedings. See "LITIGATION – PG&E Bankruptcy Proceeding."

PG&E requested, and has received, approval from the Bankruptcy Court to continue operations of both its electric and gas systems. In its SEC filings, PG&E stated that it expected to operate in the ordinary course of business following the Chapter 11 filing, including providing uninterrupted electric and natural gas service to customers. In its bankruptcy filings, PG&E indicated that it had obtained approximately \$5.5 billion in secured debtor-in-possession financing ("DIP Financing") from several financial institutions that would provide liquidity to fund its operations during the Chapter 11 process. PG&E subsequently received final approval from the Bankruptcy Court to access the full \$5.5 billion in DIP financing. To date, neither NCPA nor the Project Participants have experienced any operational disruptions as a result of the PG&E bankruptcy filing.

Although it is too early to assess, PG&E's bankruptcy could have broader effects on the electric markets generally. Subject to Bankruptcy Court approval, Chapter 11 debtors have the power to assume or reject contractual arrangements. Chapter 11 debtors may seek to reject contracts that are uneconomic or otherwise burdensome to the debtor. PG&E has indicated in its reorganization plan filed with the Bankruptcy Court that it intends to retain all of its existing power purchase contracts. PG&E has negotiated some voluntary modifications of certain renewables contracts. In the event that PG&E were to seek to reject some power purchase agreements, and if the court orders this, there may be further market impacts. In addition, other electric utilities, including the other major IOUs in California, Southern California Edison Company and San Diego Gas & Electric Company, have experienced credit rating downgrades as a result of potential wildfire liabilities exposure, which may have implications for the electric market generally.

In addition, it is possible that one or more other entities may ultimately assume or acquire all or a portion of PG&E's operations and activities in the future. In December 2018, the CPUC issued a Scoping Memo and Ruling initiating a second phase of an ongoing investigation proceeding (I.15-08-019), in which it is examining PG&E's and PG&E Corporation's current corporate governance, structure, and operations to determine if the utility is positioned to provide safe electrical and gas service, and will review alternatives to the current management and operational structures of providing electric and gas service in Northern California. Further, in its SEC filing, PG&E stated that it expected that the Chapter 11 case would, among other things, allow it to work with regulators and policymakers to determine the most effective way for customers to receive natural gas and electric service, and that one of the factors considered by its board of directors in determining to seek bankruptcy relief is the opportunity that such proceedings would provide to maximize the value of PG&E's assets and businesses, including through the possible sale or other

disposition of such assets and businesses. Several public agencies have submitted non-binding indications of interest to PG&E to purchase a portion of PG&E's electric transmission and distribution assets in connection with PG&E's bankruptcy proceedings. PG&E has generally rejected such offers. On November 1, 2019, Governor Newsom announced the appointment of an administration policy team on utility and energy matters that would review actions that the State may take to restructure PG&E in the event that a consensual resolution to the PG&E bankruptcy is not reached by the stakeholders in a timely manner.

There are a number of uncertainties surrounding the PG&E bankruptcy and the proceedings could continue for many months and potentially a number of years. As a result, NCPA and the Project Participants are unable to predict the full effects of the PG&E bankruptcy on NCPA, any of the Project Participants or the California electric markets at this time. NCPA will continue to monitor the PG&E bankruptcy proceedings to assess any developments that may impact its interests.

CAISO Markets

General. Any electricity sales or purchases NCPA makes in the wholesale energy markets operated by the CAISO are subject to the CAISO tariff, which is a FERC-jurisdictional tariff. CAISO's tariff includes rules governing how sellers may bid electricity (*i.e.*, offer for sale) into the energy markets and rules governing market power mitigation of sellers. CAISO regularly proposes changes to its tariff, subject to FERC approval. Additionally, FERC can, and does, order changes to CAISO's tariff if FERC (on its own initiative or prompted by a complaint) determines that CAISO's tariff is unjust, unreasonable, or unduly discriminatory. Such regulatory changes can impact prices for electricity and capacity.

During portions of 2000 and 2001, shortly after CAISO's energy markets were first established, wholesale electricity prices were highly volatile and subject to market manipulation. That market dysfunction resulted in deterioration of credit ratings of many market participants and the first bankruptcy of PG&E. CAISO's energy markets have since been redesigned, and Congress has established mechanisms for policing wholesale markets. Price volatility has since decreased compared to the 2000-2001 period. See also, however, "– State Legislation and Regulatory Proceedings – Impact of State Developments on NCPA and the Project Participants."

CAISO Market Initiatives. The CAISO markets are subject to continued change in response to FERC orders, the increased integration of intermittent renewable resources, changing environmental constraints, the ongoing efforts to combat market manipulation and evolving reliability requirements. CAISO Tariff changes related to these and other issues are currently under discussion in CAISO stakeholder processes and in ongoing FERC proceedings. In most cases, these proposals are not sufficiently final in order to determine their likely impact on NCPA or the Project Participants. However, the following issues and proposed CAISO operational and market changes may have significant impacts on NCPA, the Project Participants or electric utilities generally. NCPA will continue to monitor the various initiatives proposed by the CAISO and participate in its stakeholder processes to ensure that its interests are protected.

Resource Adequacy Requirements. Resource Adequacy requirements apply to NCPA and its members, including the Project Participants, to ensure that market participants have contracted for sufficient amounts of the right types of capacity to be available in the markets. To the extent that a load serving entity ("LSE") fails to procure sufficient capacity resources to meet its loads, it is subject to payment of CAISO procurement costs of replacement capacity. To the extent that a shortfall cannot be attributed to a specific LSE, the costs will be spread as part of market uplift charges. These risks apply in the same manner to all LSEs. Due to the increased integration of renewables, discussed above, the CAISO is contemplating what could be significant changes to the Resource Adequacy framework, with the potential for impacts on market participant costs. It is still too early to assess the potential impacts on NCPA. The CPUC has an ongoing docket that could also result in changes to the Resource Adequacy and CAISO's markets, including the

potential establishment of a state agency as a residual capacity buyer. However, the details of such changes remain to be established.

Transmission Access Charge Review. The CAISO undertook a review of its Transmission Access Charge, with a view to potentially changing the methodology used for allocating transmission costs. Although the current proposal should not adversely impact NCPA or its members, any change of this nature raises concerns and NCPA is unable to predict the outcome of the tariff revisions process at FERC.

Extension of Day Ahead Markets to Energy Imbalance Market. The CAISO began financially binding operation of the western Energy Imbalance Market (“EIM”) on November 1, 2014. An EIM is a voluntary market that provides a sub-hourly economic dispatch of participating resources for balancing supply and demand every five minutes. CAISO has announced its intention to propose changes to the EIM structure that would extend the CAISO’s day ahead market into the EIM, rather than leaving it as only a real time market. While these proposals have not yet been published, much less analyzed, such a change has the impact to affect prices paid in the CAISO markets.

Redesigned Day-Ahead Markets. As the fleet of supply resources within the CAISO balancing authority area evolves to reflect a greater proportion of intermittent renewable resources, there is the concomitant increase in uncertainty between the CAISO’s day-ahead and real-time markets for the efficient commitment of resources required to respond to increased CAISO net load variability. The CAISO has undertaken an initiative to redesign its day-ahead market structure that will provide for the co-optimized commitment of both upward and downward reserve capacity in the day-ahead timeline so that sufficient capacity will be available for real-time dispatch. While the details of the CAISO’s redesigned day-ahead market structure have not yet been finalized, the CAISO indicates that its redesigned day-ahead market structure is intended to complement and be deployed in unison with the CAISO’s Resource Adequacy initiative and extension of EIM.

Other Factors

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. In addition to the factors discussed above, such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described above (including those affecting nuclear power plants or potential new energy storage requirements), (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) effects on the integration and reliability of power supply from the increased usage of renewables, (d) changes resulting from a national energy policy, (e) effects of competition from other electric utilities (including increased competition resulting from a movement to allow direct access or from mergers, acquisitions, and “strategic alliances” of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity, (f) the repeal of certain federal statutes that would have the effect of increasing the competitiveness of many IOUs, (g) increased competition from independent power producers and marketers, brokers and federal power marketing agencies, (h) self-generation” or “distributed generation” (such as microturbines, fuel cells and solar installations) by industrial and commercial customers and others, (i) issues relating to the ability to issue tax-exempt obligations, including restrictions on the ability to sell to nongovernmental entities electricity from generation projects and transmission service from transmission line projects financed with outstanding tax-exempt obligations, (j) effects of inflation on the operating and maintenance costs of an electric utility and its facilities, (k) changes from projected future load requirements, (l) increases in costs and uncertain availability of capital, (m) shifts in the availability and relative costs of different fuels (including the cost of natural gas and nuclear fuel), (n) changes in the electric market structure for neighboring electric grids, such as the new

EIM operated by the CAISO, (o) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has occurred in the past in California, (p) issues relating to risk management procedures and practices with respect to, among other things, the purchase and sale of natural gas, energy and transmission capacity, (q) other legislative changes, voter initiatives, referenda and statewide propositions, (r) effects of the changes in the economy, population and demand of customers within a utility's service area, (s) effects of possible manipulation of the electric markets, (t) acts of terrorism or cyber-terrorism impacting a utility and/or significant load customers, (u) changes to the climate; (v) natural disasters or other physical calamities, including, but not limited to, earthquakes, droughts, severe weather, floods and wildfires, and potential liabilities of electric utilities in connection therewith, and (w) adverse impacts to the market for insurance relating to recent wildfires and other calamities, leading to higher costs or prohibitively expensive coverage, or limited or unavailability of coverage for certain types of risk. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2019 Series A Bonds, or in any way contesting or affecting the validity of the 2019 Series A Bonds or any proceedings of NCPA taken with respect to the issuance or sale thereof.

Upon the basis of information presently available, NCPA and its General Counsel believe that there is no litigation pending or threatened against NCPA which will materially adversely affect the Project or the respective sources of payment for the 2019 Series A Bonds.

California Energy Market Dysfunction, Refund Dispute and Related Litigation

Following the 1998 operation of the CAISO and the California Power Exchange (the "PX"), the deregulated electricity and natural gas markets in California became increasingly dysfunctional, with very high prices in 2000-2001, resulting in the eventual bankruptcy of the PX, PG&E (and others) and a number of orders from FERC. The IOUs (PG&E, Southern California Edison Company ("Edison") and San Diego Gas & Electric Company ("SDG&E")) and the State of California and the CPUC have been pursuing claims for refunds against all sellers into the market, including NCPA and other power-producing municipally owned utilities.

Those claims for refunds against varying groups of sellers have been pursued in a number of *fora* since early Fall, 2000, and have been through numerous FERC proceedings, State and Federal court decisions, and the U.S. Supreme Court. Some of those claims are still being pursued both at FERC and in the Courts of Appeal. While NCPA considered the claims against it to be lacking in legal merit, NCPA entered into a settlement with the plaintiffs which provides the terms of a final resolution of all of these claims and of the bankruptcy claims held by NCPA against PG&E and the PX. The settlement agreement was approved by FERC on April 29, 2010. That approval by FERC was the last regulatory step necessary to resolve these disputes between those parties in their entirety, as well as a separate lawsuit filed by the State of California. The state court proceeding against NCPA was dismissed with prejudice on May 20, 2010.

The proceedings at FERC and in the Court of Appeals remain ongoing, but the remaining parties to those proceedings have not asserted any claims against NCPA. NCPA continues to monitor the proceedings to protect its interests.

FERC and CAISO Proceedings: Market Redesign

Most of the matters being contested at FERC or being discussed in CAISO stakeholder processes involving NCPA or the Project Participants concern the current operation or potential changes to the CAISO market. For a discussion of potential changes in the CAISO market, see “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – CAISO Markets.”

PG&E Bankruptcy Proceeding

NCPA is participating in the PG&E bankruptcy litigation (United States Bankruptcy Court for the Northern District of California Case Nos. 19-30088 (DM) and 19-30089 (DM)) as a creditor. NCPA does not believe it has contracts that PG&E will seek to reject, but it does have claims on sums related to refunds to be ordered by FERC in ongoing rate case proceedings and sums owed in settlement of other FERC litigation.

Other Proceedings

NCPA is involved in various other state court proceedings incidental to its operations. Based on its review of those proceedings with its General Counsel, NCPA believes that the ultimate aggregate liability, if any, resulting from those proceedings will not have a material adverse effect on its financial position.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the 2019 Series A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2019 Series A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2019 Series A Bonds. Pursuant to the Indenture and the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 executed by NCPA in connection with the issuance of the 2019 Series A Bonds (the “Tax Certificate”), NCPA has covenanted not to take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the 2019 Series A Bonds under Section 103 of the Code. In addition, NCPA has made certain representations and certifications in the Indenture and Tax Certificate. Special Tax Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Special Tax Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by NCPA described above, interest on the 2019 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Special Tax Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

State Taxes

Special Tax Counsel is also of the opinion that interest on the 2019 Series A Bonds is exempt from personal income taxes of the State of California under present State law. Special Tax Counsel expresses no opinion as to other state or local tax consequences arising with respect to the 2019 Series A Bonds nor as to the taxability of the 2019 Series A Bonds or the income therefrom under the laws of any state other than California.

Original Issue Premium

2019 Series A Bonds sold at prices in excess of their principal amounts are “Premium Bonds.” An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the 2019 Series A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions, and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2019 Series A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the 2019 Series A Bonds is subject to information reporting to the Internal Revenue Service (“IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the 2019 Series A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Special Tax Counsel is not rendering any opinions as to any federal tax matters other than those described in the opinion attached in Appendix F. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2019 Series A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2019 Series A Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2019 Series A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2019 Series A Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the 2019 Series A Bonds may occur. Prospective purchasers of the 2019 Series A Bonds should consult their own tax advisors regarding the impact of any change in law on the 2019 Series A Bonds.

Special Tax Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the 2019 Series A Bonds may affect the tax status of interest on the 2019 Series A Bonds. Special Tax Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the 2019 Series A Bonds, or the interest thereon, if any action is taken with respect to the 2019 Series A Bonds or the proceeds thereof upon the advice or approval of other counsel.

CONTINUING DISCLOSURE

General

NCPA and the Significant Share Project Participants have each agreed, pursuant to Continuing Disclosure Agreements with the Trustee, to provide to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access System (the “EMMA System”) a copy of their respective annual audited financial statements, as well as certain operating data relating to the Project and the Significant Share Project Participants’ respective electric systems. Such audited financial statements are required to be prepared in accordance with generally accepted accounting principles. NCPA has agreed to provide such Project information and its financial statements (unaudited if audited financial statements are not then available) within 180 days after the end of its fiscal year, and each Significant Share Project Participant has agreed to provide their respective financial statements (unaudited if audited financial statements are not then available) and operating data relating to their respective electric systems within 210 days after the end of their respective fiscal years. If unaudited financial statements are provided, audited financial statements will be provided as soon as available. In addition, NCPA and the Significant Share Project Participants have agreed to give timely notice to the MSRB through the EMMA System, of the occurrence of certain specified events. These agreements are being made in order to assist the Underwriter in complying with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (the “Rule”). See “APPENDIX E—PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENTS.”

A review of NCPA’s and the Significant Share Project Participants’ compliance with prior continuing disclosure undertakings during the last five years indicates that:

(1) NCPA did not timely file specified event notices for certain rating changes and did not file specified event notices for rating changes of certain insured bonds resulting from changes in the bond insurer’s credit rating.

(2) In certain instances, Alameda filed its annual continuing disclosure report after the date required for such filing and/or filed a report which omitted certain information Alameda had covenanted to provide in prior undertakings. Specifically, Alameda’s annual reports for Fiscal Years 2014 in connection with its electric system obligations, including in connection with bonds issued by NCPA, were not filed, or were not filed with all required information, until ranging from approximately 16 days to up to approximately 86 days after the respective dates required for such filings. In addition, Alameda did not always provide rating change notices in a timely manner, and did not provide, in a timely manner after the annual filing dates, any notices of the failure to provide annual financial information.

(3) For Fiscal Year 2015, the financial and operating data to be filed as part of Lodi’s continuing disclosure annual report in connection with certain of Lodi’s obligations, including in connection with NCPA bonds and Lodi’s direct electric system obligations, was not filed until approximately 9 to 14 days after the date required for certain of such filings. In addition, on several occasions, most recently in 2014, Lodi failed to make “significant event” filings with respect to changes in the ratings of bond insurers of certain electric system and other City of Lodi obligations, as well as upgrades of the underlying ratings for certain obligations.

(4) The annual reports required for Fiscal Year 2015 for certain of Roseville's then-outstanding obligations were not filed, or were not filed with all required information, until up to approximately 48 days after the dates required for such filings. Roseville has not in a timely manner filed all significant event notices, including, but not limited to, notices of changes in the ratings of certain then-outstanding obligations resulting from changes in ratings to the bond insurers who insured such obligations or the underlying ratings for such obligations. Roseville has engaged contract support for the preparation and filing of its continuing disclosure reports in order to ensure compliance with future continuing disclosure obligations.

(5) Finally, all filings made by NCPA and each of the Significant Share Project Participants have not always been associated, or associated by the required filing deadline, with all CUSIPs for each of the related outstanding obligations.

NCPA and the Significant Share Project Participants (as applicable) believe they have made corrective filings to address the known instances during the last five years of past delayed or failure to file annual reports, omissions of required information and/or rating changes to be filed under their respective prior continuing disclosure undertakings (except with respect to certain bonds or other obligations that are no longer outstanding) and are currently in compliance in all material respects with such prior continuing disclosure undertakings.

City of Alameda Settlement with Securities and Exchange Commission

In connection with an Offer of Settlement by the City of Alameda dated June 27, 2016, and an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order of the United States Securities and Exchange Commission dated August 24, 2016 (the "SEC Order"), the City of Alameda has undertaken to:

(i) Within 180 days of the entry of the SEC Order, establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, including the designation of an individual or officer at Alameda responsible for ensuring compliance by Alameda with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training.

(ii) Within 180 days of the entry of the SEC Order, comply with existing continuing disclosure undertakings, including updating past delinquent filings if Alameda is not currently in compliance with its continuing disclosure obligations.

For good cause shown, the SEC staff may extend any of the procedural dates relating to the Alameda's undertakings. Deadlines for procedural dates are to be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

(iv) Disclose in a clear and conspicuous fashion the terms of the settlement in any final official statement for an offering by Alameda within five years of the institution of the SEC's proceedings.

(v) Certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The SEC staff may make a reasonable request for further evidence of compliance, and Alameda has agreed to provide

such evidence. The certification and supporting material shall be submitted to certain specified SEC personnel no later than the one-year anniversary of an institution of the SEC's proceedings.

(vi) Cooperate with any subsequent investigation by the SEC regarding the false statement(s) and/or material omission(s), including the roles of individuals and/or other parties involved.

Alameda has established procedures to ensure compliance with their continuing disclosure undertakings in the future for Alameda and for all entities that are created or controlled by Alameda; and, as stated above, has made remedial filings of all delinquent or missing information in its prior undertakings for issues currently outstanding. Alameda fully intends to comply with all other requirements of the SEC Order.

RATING

Moody's Investors Service has assigned to the 2019 Series A Bonds the credit rating of "A1." No application has been made to any other rating agency in order to obtain additional ratings on the 2019 Series A Bonds. Such credit rating reflects only the view of the organization furnishing the same and is not a recommendation to buy, sell or hold the 2019 Series A Bonds. An explanation of the significance of such rating may be obtained only from such rating agency at: Moody's Investors Service, 1 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that a rating will continue for any given period or that it will not be revised downward or withdrawn entirely by the applicable rating agency, if in the judgment of such rating agency, circumstances so warrant. NCPA undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2019 Series A Bonds.

UNDERWRITING

J.P. Morgan Securities LLC ("J.P. Morgan" or the "Underwriter"), has agreed to purchase the 2019 Series A Bonds from NCPA at a price of \$22,667,964.35 (which reflects the \$20,450,000.00 par amount of the 2019 Series A Bonds, plus original issue premium of \$2,287,769.05, and less an Underwriter's discount of \$69,804.70), subject to certain conditions set forth in the Contract of Purchase between NCPA and the Underwriter.

The Underwriter may offer and sell the 2019 Series A Bonds to certain dealers and others at prices lower than the offering prices or at yields higher than the offering yields stated on the inside cover page. The offering prices and yields may be changed from time to time by the Underwriter. The Contract of Purchase for the 2019 Series A Bonds provides that the Underwriter will purchase all of the 2019 Series A Bonds, if any are purchased, the obligation to make such purchases being subject to certain terms and conditions set forth in the Contract of Purchase.

The following information has been provided by the Underwriter for inclusion in this Official Statement:

J.P. Morgan, the Underwriter of the 2019 Series A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2019 Series A Bonds from J.P. Morgan at the original issue price less a negotiated portion of the selling concession applicable to any 2019 Series A Bonds that such firm sells.

CERTAIN RELATIONSHIPS

The Underwriter and its affiliates comprise a full service securities firm and a commercial bank engaged in securities trading and brokerage activities, as well as providing investment banking, asset management, financing, and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. In addition, the Underwriter and its affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, NCPA and/or its members.

In the ordinary course of their respective businesses, the Underwriter and its affiliates have engaged, and may in the future engage, in transactions with, and perform services for, NCPA and/or its members for which they received or will receive customary fees and expenses. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against NCPA and/or its members in connection with such transactions and services. In the ordinary course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and may actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of NCPA and/or its members (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) NCPA. The Underwriter and its affiliates may enter into hedging transactions with respect to exposures (including as a counterparty to one or more derivative or other transactions) either it or its affiliates may have with respect to NCPA and/or its members. The Underwriter and its affiliates may also communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriter and its affiliates have certain inter-company compensation arrangements that relate to transactions that may occur from time to time between the Underwriter and its affiliates, on the one hand, with NCPA and/or its members, on the other, as the case may be. Such inter-company compensation may be determined in part based on the size of the relevant transaction.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC (the “Municipal Advisor”) has assisted NCPA with various matters relating to the planning, structuring and delivery of the 2019 Series A Bonds. The Municipal Advisor is a financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Municipal Advisor will receive compensation from NCPA contingent upon the sale of the delivery of the 2019 Series A Bonds.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the 2019 Series A Bonds is subject to the approval of legality of Norton Rose Fulbright US LLP, Bond Counsel to NCPA. Certain legal matters will be passed upon for NCPA by Jane E. Luckhardt, Esq., General Counsel to NCPA, and by Spiegel & McDiarmid LLP, Washington, D.C., Washington Counsel to NCPA. Nixon Peabody LLP is serving as Special Tax Counsel to NCPA in connection with the 2019 Series A Bonds. Norton Rose Fulbright US LLP is serving as Disclosure Counsel to NCPA in connection with the 2019 Series A Bonds. Certain legal matters will be passed upon for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Counsel to the Underwriter.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

On the date of delivery of the 2019 Series A Bonds, NCPA will receive a report from Samuel Klein and Company, Certified Public Accountants (the “Verification Agent”), verifying the adequacy of the cash deposited and held in the Escrow Fund, together with the maturing principal amounts of and interest earned on the Defeasance Securities, to pay on the date due, the redemption price of the refunded 2010 Series A Bonds and accrued interest thereon.

The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in the schedules provided to them and that they have no obligations to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

INDEPENDENT AUDITORS

The combined financial statements of Northern California Power Agency and Associated Power Corporations as of and for the years ended June 30, 2019 and 2018 have been audited by Baker Tilly Virchow Krause, LLP, independent auditors, as stated in their report appearing therein. Baker Tilly Virchow Krause, LLP has not been engaged to perform and has not performed, since the date of its report included therein, any procedures on the financial statements addressed in such report. Baker Tilly Virchow Krause, LLP has also not performed any procedures relating to this Official Statement.

INCLUSION BY SPECIFIC REFERENCE

When delivered by the Underwriter, in its capacity as such, this Official Statement shall be deemed to include by specific reference all documents previously provided to the MSRB (through its EMMA System) by NCPA or a Significant Share Project Participant with respect to its electric system to the extent that statements in such documents are material to the offering made hereby. Any statements in a document included by specific reference herein shall be modified or superseded for purposes of this Official Statement to the extent that it is modified or superseded by statements contained in this Official Statement or in any other subsequently provided document included by specific reference herein.

MISCELLANEOUS

This Official Statement includes descriptions of the terms of the 2019 Series A Bonds, the Indenture, the Unit One Member Agreement, the Escrow Agreement, the Continuing Disclosure Agreements, certain other agreements and certain provisions of state and federal legislation. Such descriptions do not purport to be complete and all such descriptions and references thereto are qualified in their entirety by references to each such document, copies of which may be obtained from NCPA or, during the period of the offering, from the Underwriter.

[Remainder of page intentionally left blank.]

Any statements herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

NORTHERN CALIFORNIA POWER AGENCY

By: /s/ Randy S. Howard
Randy S. Howard
General Manager

APPENDIX A

**SELECTED INFORMATION RELATING TO THE SIGNIFICANT SHARE
PROJECT PARTICIPANTS**

The following information has been supplied by the respective Project Participants, and includes selected historical operating data and data taken from their electric system balance sheets. Neither NCPA nor any Project Participant makes any representation as to the accuracy or completeness of this information with respect to any other Project Participants.

**TABLE OF
CONTENTS**

	<u>Page</u>
CITY OF ALAMEDA	A-1
CITY OF LODI.....	A-22
CITY OF ROSEVILLE	A-41

[THIS PAGE INTENTIONALLY LEFT BLANK]

CITY OF ALAMEDA

Introduction

The City of Alameda (“Alameda”) is a charter city in the State of California. Alameda is an island community of 22.8 square miles located across the bay from San Francisco and to the west of the City of Oakland. Alameda was incorporated in 1854.

Alameda provides electric utility service through its Department of Public Utilities – Bureau of Electricity. The Alameda Bureau of Electricity began operation in 1887. The Bureau of Electricity did business as “Alameda Power & Telecom” beginning in 1999. On January 26, 2009, the name was changed to “Alameda Municipal Power.” The Alameda electric utility was the first municipal electric utility in California and is one of the oldest in the nation.

Alameda Municipal Power (hereinafter, “AMP”) serves the entire area of the City of Alameda and has about 86 pole miles of overhead distribution lines and 181 circuit miles of underground distribution lines, 6.8 pole miles of overhead transmission lines, 1.9 circuit miles of underground transmission lines and 6,415 streetlights. During fiscal year 2018-19, AMP served an average of 34,809 customers, comprised of an average of 30,650 residential customers, an average of 3,789 commercial customers and an average of 370 public authority and other customers, with a peak demand of approximately 61.5 MW.

AMP joined the Northern California Power Agency (“NCPA”) in 1968, is a participant in most NCPA projects, and has procured other power supply resources independently. In addition, NCPA has developed electric scheduling, dispatch and transmission capabilities that are utilized in the provision of AMP’s electric utility services. All of AMP’s rights to electric energy, capacity, environmental attributes and transmission are scheduled by NCPA and AMP participates in the NCPA power pool. See “NORTHERN CALIFORNIA POWER AGENCY – NCPA Power Pool” in the front part of this Official Statement.

From June 2001 until November 21, 2008, AMP also provided cable television and internet services through its telecommunications system. On November 18, 2008, the City Council of the City of Alameda unanimously authorized the sale of the telecommunications business line effective November 21, 2008. See “– Condensed Operating Results and Selected Balance Sheet Information – Inter-fund Transfers” below.

Only the revenues of AMP’s electric system will be available to pay amounts owed by Alameda under the Unit One Member Agreement.

AMP is under the policy control of the Alameda Public Utilities Board, in accordance with the Alameda City Charter. The Alameda Public Utilities Board consists of four commissioners appointed by the Mayor with concurrence of the City Council, and the City Manager of Alameda (as an ex-officio member), who may not hold any office on the Board.

Pursuant to the Alameda City Charter, the Alameda Public Utilities Board has the power to control and manage the electric system, including the power to set rates for the services of the electric system. The Alameda Public Utilities Board also establishes goals and policies, approves major purchases and creates the framework for local control of the utility.

AMP’s main office is located at 2000 Grand Street, Alameda, California 94501, (510) 748-3900. For more information about AMP and its electric system, contact Nicolas Procos, General Manager at the above address and telephone number. A copy of the most recent comprehensive annual financial report of AMP (the “Annual Report”) is available on AMP’s website at <http://www.alamedamp.com> and on the

Municipal Securities Rulemaking Board's Electronic Municipal Market Access system at <http://emma.msrb.org/>. The Annual Report is incorporated herein by this reference. However, the information presented on such website or referenced therein other than the Annual Report is not part of this Official Statement and is not incorporated by reference herein.

Power Supply Resources

The following table sets forth information concerning AMP's power supply resources and the energy supplied by each during the fiscal year ended June 30, 2019.

**CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER
POWER SUPPLY RESOURCES
For the Fiscal Year Ended June 30, 2019**

Source	Capacity Available (MW)⁽¹⁾	Actual Energy (GWh)	% of Total Requirements
Purchased Power ⁽²⁾ :			
Western Hydroelectric	18.7	43.4	13.1%
Landfill Gas ⁽⁴⁾	10.2 ⁽⁴⁾	29.9	9.0
High Winds	4.8	20.7	6.2
Silicon Valley Power	--	36.3	10.9
NCPA			
Hydroelectric Project	25.3	85.1	25.6
Combustion Turbine Project No. 1 & 2 ⁽³⁾	24.8	5.3	1.6
Geothermal Plant 1 ⁽⁴⁾	10.0 ⁽⁴⁾	--	0.0
Geothermal Plant 2 ⁽⁴⁾	8.9 ⁽⁴⁾	--	0.0
Graeagle	--	2.0	0.6
Other Purchases (Net)	--	128.6	38.7
Total Capacity and Total Purchased Energy ⁽⁵⁾	78.7	351.2	105.7%
Less Line Losses	N/A	(18.8)	(5.7)
AMP's Capacity and Retail Sales Requirements	62.1	332.4	100.0%

⁽¹⁾ Non-coincident, maximum net qualifying capacity available for CAISO.

⁽²⁾ Entitlements, firm allocations and contract amounts.

⁽³⁾ Combustion Turbine Project No. 2 is also referred to as Unit One or the Project in the front part of this Official Statement. See "THE PROJECT" in the front part of this Official Statement.

⁽⁴⁾ AMP sold its share of eligible renewable energy generated by the NCPA Geothermal Project and one of its landfill power purchase agreements. See "-- Energy Efficiency and Conservation; Renewable Resources." Total capacity excludes the amounts sold.

⁽⁵⁾ Totals may not foot due to rounding.

Source: Alameda Municipal Power.

In the fiscal year ended June 30, 2019, AMP's average cost of power for 332.4 GWh of energy sales was 8.90 cents per kWh, and its average cost of power for the 351.2 GWh purchased was 8.42 cents per kWh.

Purchased Power

Western. AMP has power purchase agreements (“PPAs”) with the Western Area Power Administration (“Western”) that continue through December 31, 2024. AMP’s Western power is assigned to NCPA for scheduling and delivery to AMP. Power purchased under these agreements is generated by the Central Valley Project (“CVP”), a series of federal hydroelectric facilities in Northern California operated by the United States Bureau of Reclamation.

On October 5, 2000, AMP signed a 20-year Base Resource agreement with Western with initial service beginning January 1, 2005. Service under the Western contract will continue through December 31, 2024, with AMP receiving a “slice of the system” allocation from Western. AMP’s allocation is currently 1.08075% of the CVP output. Power provided to AMP under the Western contract is on a take-or-pay basis; AMP is obligated to pay its share of Western costs whether or not it receives any power.

Western began its new marketing plan process whereby AMP has the opportunity to evaluate the potential extension of base resource power from the CVP. Pursuant to its power marketing plan, Western has indicated it anticipates new 30-year contracts for up to 98% of a customer’s existing base resource allocation are to be executed by customers choosing to do so in Spring 2020, with an effective date of January 1, 2025. Under the power marketing plan, Western will allow an existing customer to reduce its base resource percentage allocation with at least six month’s written notice to Western prior to January 1, 2025. AMP plans to execute the contract extension with Western.

Other Purchases. AMP has also entered into certain other PPAs: (1) a PPA with Avangrid Renewables LLC (formerly Iberdrola Renewables, Inc.) for power supplied from the High Winds Project in Solano County, California under which AMP receives 6.17% (approximately 10 MW of the 162 MW project) until June 30, 2028; (2) five long-term PPAs for power supplied by multiple existing generating facilities utilizing combustible gaseous emissions from landfills located in or near the San Francisco Bay area, under which AMP has received approximately 3.2 MW of baseload power from two facilities since early 2006, approximately 7.1 MW of baseload output from two additional facilities since 2009, and approximately 1.9 MW of baseload power from a fifth facility since 2013; and (3) a PPA with the City of Santa Clara (Silicon Valley Power) under which AMP receives an additional 10 MW of renewable energy from Silicon Valley Power during the months of January, February, October, November, and December beginning January 2018 through December 2027. In addition, AMP makes short-term market purchases as necessary to meet its native load requirements.

Generally, AMP has entered into power purchase agreements solely or primarily for use within its own system.

Joint Powers Agency Resources

NCPA. AMP does not independently own any generation assets but, in addition to power purchased from Western and others, AMP is a participant in most NCPA projects. AMP has purchased from NCPA: a 19.00% entitlement share in the Combustion Turbine Project Number Two (referred to as Unit One or the Project in this Official Statement); a 10.00% entitlement share in the NCPA Hydroelectric Project; a 21.820% entitlement share in the NCPA Combustion Turbine Project Number One; and a 16.8825% entitlement share in the NCPA Geothermal Project. AMP additionally participates in the NCPA Geysers Transmission Project, in which it has a 30.36% entitlement share. For a description of such resources, see “THE PROJECT” and “OTHER NCPA PROJECTS” in the front part of this Official Statement. For each of these NCPA projects in which AMP participates, AMP is obligated to pay, on an unconditional take-or-pay basis, as an operation and maintenance cost of its electric system, its entitlement share of the debt service on NCPA bonds issued for the project (as applicable), as well as its share of the operation and maintenance expenses of the project. See also “– Indebtedness; Joint Powers Agency Obligations” below.

Through NCPA, AMP also participates in certain PPAs entered into by NCPA, including a PPA with Henwood Associates, Inc. to purchase 100% of the power produced by the Graeagle Hydroelectric Project, a small 440 kW hydroelectric project (replacing a prior agreement under which AMP received 50% of the project output). The energy source for the facility is hydroelectric and the facility meets the qualifying facilities requirements established by FERC. The facility output, which varies with hydrological conditions, has averaged about 2,000 MWh per year. Deliveries under the agreement began on February 1, 2010 and will terminate on January 31, 2030. See also “OTHER NCPA PROJECTS – Power Purchase and Natural Gas Contracts” in the front part of this Official Statement. Additionally, AMP participates in NCPA’s Market Purchase Program when contracted resources cannot meet load.

TANC California-Oregon Transmission Project. AMP, together with fourteen other northern California cities and districts and one rural electric cooperative, is a member, or associate member, of a California joint powers agency known as the Transmission Agency of Northern California (“TANC”). TANC, together with the City of Redding (“Redding”), Western, two California water districts and Pacific Gas & Electric Company (“PG&E”) (collectively, the “COTP Participants”) own the California-Oregon Transmission Project (“COTP”), a 339-mile long, 1,600 MW, 500 kV transmission project between southern Oregon and central California. The COTP was placed in service on March 24, 1993, at an original cost of approximately \$430 million. TANC financed its interest in the COTP through the issuance of California-Oregon Transmission Project Revenue Bonds, of which approximately \$191.8 million principal amount of revenue bonds was outstanding as of September 1, 2019. See “– Indebtedness.”

Pursuant to Project Agreement No. 3 for the COTP (the “TANC Agreement”), TANC has agreed to provide to AMP and 12 other members of TANC (the “TANC Member-Participants”) a participation percentage of TANC’s entitlement of COTP transfer capability. In return, each TANC Member-Participant has severally agreed to pay TANC a corresponding percentage of TANC’s share of the COTP construction costs, including debt service on TANC’s outstanding revenue bonds and other obligations issued by TANC to finance its ownership share of the COTP. A TANC Member-Participant’s obligations to make payments to TANC are not dependent upon the operation of the COTP and are not subject to reduction. Upon an unremedied default by one TANC Member-Participant in making a payment required under the TANC Agreement, the non-defaulting TANC Member-Participants are required to increase pro-rata their participation percentage by the amount of the defaulting TANC Member-Participant’s entitlement share, provided that no such increase can result in a greater than 25% increase in the participation percentage of the non-defaulting TANC Member-Participants.

Pursuant to the TANC Agreement, AMP is obligated to pay 1.23% of TANC’s COTP operating and maintenance expenses and 1.33% of TANC’s COTP debt service (on bonds other than TANC’s 2009 Series A Bonds on which it is obligated for 1.45% of debt service) and is entitled to 1.23% of TANC’s share of COTP transfer capability (approximately 17 MW net of third-party layoffs of TANC) on an unconditional take-or-pay basis. AMP’s share of annual operating and maintenance expenses and debt service for the COTP is approximately \$0.7 million per year. However, Alameda has laid off its COTP entitlement through 2039 as described under “– COTP Long-Term Layoff” below.

To utilize the full transfer capability of the COTP and the Intertie (described below) on a firm basis between the Pacific Northwest and California, it is necessary to coordinate the operation of all three transmission lines. The Pacific AC Intertie (the “Intertie”) is a two line system which, like the COTP, connects California utilities with those in the Pacific Northwest. The Intertie lines are owned by PG&E, PacifiCorp and Western and are operated by the CAISO. Rate schedules are on file with the Federal Energy Regulatory Commission (“FERC”) to accomplish this coordination. The three-line system comprised of the COTP and the Intertie is collectively referred to as the California-Oregon Intertie (“COI”). See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy” in the front part of this Official Statement.

In December 2005, the COTP became part of the Sacramento Municipal Utility District (“SMUD”) balancing authority area within the Western sub-balancing area authority. In 2011, the operations of the SMUD balancing authority were transferred to the Balancing Authority of Northern California (“BANC”). As a result, the TANC Member-Participants are able to undertake direct scheduling of energy transactions over the COTP within the balancing authority area, free of the CAISO tariff, charges, congestion and encumbrances.

COTP Long-Term Layoff. Due to situational and economic changes in value of power deliveries over the COTP, AMP and six other TANC members laid off their participation shares in the COTP to other TANC members for a period of 25 years with the option to extend for an additional five years upon all parties’ approval. The enabling agreement among the parties became effective on July 1, 2014. The agreement transfers the use and associated rights of AMP’s project participation shares to the receiving parties (the Modesto Irrigation District, the Turlock Irrigation District and SMUD). The receiving parties agree to pay the debt service and operating and maintenance costs associated with those shares and an additional value payment after the debt service is retired. Under the agreement, AMP continues to be a member of TANC and remains ultimately responsible for its allocated share of the costs of the COTP in the event of a default by a receiving party during the term of the agreement.

TANC Tesla–Midway Transmission Service. The southern physical terminus of the COTP is near the Tesla Substation of PG&E, located near Tracy, California. The COTP is connected to Western’s Tracy and Olinda Substations. PG&E provides TANC and its members with 300 MW of firm bi-directional transmission capacity in its transmission system between its Tesla Substation and its Midway Substation near Buttonwillow, California (the “Tesla-Midway Transmission Service”) under a long-term agreement known as the South of Tesla Principles. AMP’s share of Tesla-Midway Transmission Service is 6.0 MW. AMP may utilize its full allocation of Tesla–Midway Transmission Service for firm and non-firm power transactions when economic to do so and if available. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy” in the front part of this Official Statement.

Energy Efficiency and Conservation; Renewable Resources

State laws enacted in 2005 and 2006 require publicly-owned utilities (“POUs”), such as AMP, in procuring energy, to first implement all available energy efficiency and demand reduction resources that are cost-effective, reliable and feasible, and to provide annual reports to customers and to the California Energy Commission (the “CEC”) describing their investment in energy efficiency and demand reduction programs. California Assembly Bill (“AB”) 2021, which became law in 2007, requires investor-owned utilities (“IOUs”) and POUs to identify energy efficiency potential and establish annual efficiency targets so that the State can meet the goal of reducing total forecasted electricity consumption by 10% over the ten years.

AMP has a full portfolio of public benefits programs, addressing four areas of concentration: low income assistance programs, renewable energy production, advanced electric technology demonstration, and research and development, as well as energy efficiency programs. It has continually funded new renewable resources including geothermal, wind, landfill gas, and hydroelectric generation.

AMP has had energy efficiency programs in place since the 1990s. These energy efficiency programs focus on the unique end-uses in Alameda with its coastal climate, and the resulting lack of air conditioning load. AMP offers energy efficiency programs for all of its customer classes and has established an aggressive target for reducing future consumption by nearly 12% during the next ten years.

California Senate Bill (“SB”) X1-2 requires POUs to adopt and implement a renewable energy resource procurement plan to achieve specified targets for serving their retail energy loads from California-eligible renewable energy resources, culminating in a target of serving 33% of their loads with California-

eligible renewable energy resources by December 31, 2020. State law enacted in 2015, SB 350, increased California's renewable electricity procurement goal from 33% by 2020 to 50% by 2030 based on Renewables Portfolio Standard ("RPS") eligible resources. State law enacted in 2018, SB 100, accelerates the State's RPS target as established by SB 350 from 50% by 2030 to 60% by 2030 and sets a goal of 100% "clean energy" by the year 2045. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings – *California Renewables Portfolio Standard*" in the front part of this Official Statement for more information on SBX1-2, SB 350 and SB 100.

AMP's renewables portfolio consists of its share of NCPA's geothermal and hydroelectric projects as well as PPAs for the purchase of landfill gas-to-energy, wind, and additional hydroelectric generation. All of this generation is considered California-eligible renewable generation with the exception of generation from large (>30 MW) hydroelectric facilities, which do not count towards the State's RPS compliance obligations. SBX1-2 regulations include an RPS target of an average of 20% California-eligible renewable resources used to meet retail sales for Compliance Period 1 (calendar year ("CY") 2011 through CY 2013) which AMP exceeded with an actual average of 25%. AMP also satisfied the RPS targets for Compliance Period 2 (CY 2014 through CY 2016) by meeting the RPS target of a total equal to 20% of retail sales in 2014 and 2015, and 25% of retail sales in 2016. AMP has met or does not currently anticipate any difficulty in meeting the RPS target for Compliance Period 3 (CY 2017 through CY 2020) of a total equal to 27% of retail sales in 2017, 29% in 2018, 31% in 2019 and 33% in 2020. AMP is positioned to fulfill its RPS compliance requirements under current law through 2030 and beyond with its current portfolio.

In January 2012 and again in January 2015, the Alameda Public Utilities Board adopted a Renewable Energy Sales and Use of Resulting Revenues Policy stating that through 2019, AMP may sell eligible renewable energy not required to comply with the Board approved RPS Policy. AMP subsequently entered into two sales agreements, the first from October 15, 2012 through December 31, 2016 to the California Department of Water Resources ("CDWR"), and a subsequent sale from January 1, 2017 through December 31, 2019 to Shell Energy North America ("Shell"). For both agreements, AMP sold its share of eligible renewable energy generated by NCPA's geothermal project and generation from one of its landfill gas PPAs. The resulting revenues from these sales are to be used to support initiatives to reduce greenhouse gas ("GHG") emissions associated with electricity use by AMP's customers. AMP has established a Board designated reserve in accordance with this policy into which all revenues associated with these sales are deposited. Through these sales AMP has been able to fund a variety of GHG emissions reductions programs, like energy efficiency, without raising rates.

To comply with California SB 1305, passed in 1997, which created the Power Source Disclosure program (as subsequently modified), AMP must annually disclose the fuel sources of the electricity it sold to customers the previous CY in the CEC's Power Source Disclosure Report, from which a Power Content Label ("PCL") is generated. For the years prior to AMP entering into the CDWR and Shell sales agreements, AMP typically reported mid-sixties percentages of electricity coming from California-eligible renewable resources on the PCL. However, during the sales years, which will end on December 31, 2019, those percentages have been in the low twenties. For example, had the sales not occurred, AMP would have reported 73% for 2017 instead of 21%, and an estimated 94% for 2018 instead of an estimated 35%. AMP does not currently anticipate any future sales agreements.

Per AB 32, the Global Warming Solutions Act, AMP is subject to the California Air Resources Board's ("CARB") cap-and-trade program regulations. Each year CARB distributes freely allocated allowances to AMP, which AMP must allocate to the cap-and-trade auction process. Current Alameda Public Utilities Board policy requires AMP to allocate allowances to each quarterly auction, deposit the proceeds into a designated reserve account and use the proceeds to benefit retail ratepayers consistent with the goals of AB 32. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY –

State Legislation and Regulatory Proceedings – *California Climate Program*” and “– *Cap-and-Trade Program*” in the front part of this Official Statement.

Future Power Supply Resources

AMP is currently investigating options to meet future resource requirements in an environmentally beneficial manner including additional renewable resources and energy efficiency savings.

Interconnections, Transmission and Distribution Facilities

Facilities Description. AMP’s electric system is interconnected with PG&E’s system at two PG&E substations. AMP owns facilities for the distribution of electric power within the city limits of Alameda, which includes approximately 8.70 miles of 115 kV power lines, approximately 265.1 miles of 12 kV distribution lines (approximately 68% of which are underground) and eight substations. AMP’s electric system experienced approximately 39.20 minutes of outage time per customer in fiscal year 2018-19.

Wildfire Risks. AMP does not own or operate any transmission or generation assets. The service area of AMP, which is coterminous with the municipal boundaries of the City of Alameda, is largely an urban area and has no urban wildland interface. Alameda is located in a geographical area classified by the California Public Utilities Commission Fire Threat Map as a “Tier 1” fire-threat area (*i.e.*, not in an area of elevated or extreme risk from utility-associated wildfires). By resolution, on September 17, 2018, the Alameda Public Utilities Board made a wildfire risk determination pursuant to the requirements of SB 1028, and determined that AMP’s overhead electrical lines and equipment are located within a geographical area that does not have a significant risk of catastrophic wildfire resulting from AMP’s electrical lines and equipment. On November 18, 2019, the Alameda Public Utilities Board approved AMP’s wildfire mitigation plan. AMP will provide for qualified independent evaluator review and assessment of the comprehensiveness of its wildfire mitigation plan in accordance with the requirements of SB 901 and AB 1054. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings – *Legislation Relating to Wildfires; Related Risks*” in the front part of this Official Statement.

Rates and Charges

AMP has the exclusive jurisdiction to set electric rates within its service area by action of the Alameda Public Utilities Board. These rates are not subject to review by any state or federal agency.

AMP’s fiscal year 2018-19 average rate per kWh sold for all electric service was 17.70 cents per kWh. The average rate per kWh sold for residential service in fiscal year 2018-19 was 18.50 cents. The average rates for commercial service were 16.98 cents per kWh. AMP’s average rate for municipal and public authority service for fiscal year 2018-19 was 19.73 cents per kWh. On April 15, 2019, the Alameda Public Utilities Board approved a 2.50% overall average rate increase for residential and commercial customers for fiscal year 2019-20. Currently, AMP management estimates that AMP’s electric rates are approximately 16.0% below those of PG&E on average.

The following table presents a recent history of AMP’s rate changes.

[Remainder of page intentionally left blank.]

**CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER
ELECTRIC RATE CHANGES**

Date	Percent Change (Average)
July 1, 2019	2.50%
July 1, 2018	1.00
July 1, 2017	5.00
July 1, 2016	5.00
July 1, 2015	4.60

Source: Alameda Municipal Power.

Largest Customers

AMP's ten largest electric customers in terms of kWh sales for the fiscal year ended June 30, 2019 accounted for 14.36% of total kWh sales and 12.95% of total revenues. The largest customer accounted for 4.21% of total kWh sales and 3.60% of total revenues. The smallest of the ten largest customers accounted for 0.77% of total kWh sales and 0.70 % of revenues.

Customers, Sales, Revenues and Demand

The average numbers of customers, kWh sales, revenues derived from sales by classification of service and peak demand during the five fiscal years 2014-15 through 2018-19, are listed below.

[Remainder of page intentionally left blank.]

**CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER
ELECTRIC CUSTOMERS, SALES, REVENUES AND DEMAND**

	Fiscal Years Ended June 30,				
	2015	2016	2017	2018	2019
Number of Customers:					
Residential	30,307	30,377	30,495	30,625	31,201
Commercial Small	3,834	3,735	3,764	3,778	3,808
Commercial Medium	8	8	12	12	8
Public Authority	361	363	362	363	358
Other	15	11	15	12	21
Total Customers	34,525	34,494	34,648	34,790	35,396
Kilowatt-Hour Sales:					
Residential	125,431,220	125,831,929	126,850,402	124,589,523	125,510,907
Commercial Small	174,257,771	176,575,883	172,520,353	168,873,305	164,807,447
Commercial Medium	26,587,830	31,490,040	30,127,960	28,321,180	28,712,440
Public Authority	12,801,245	12,375,517	11,428,198	10,723,565	11,064,277
Other	3,124,117	2,546,494	2,838,825	2,518,330	2,034,011
Total kWh sales	342,202,183	348,819,863	343,765,738	335,025,903	332,129,082
Revenues from Sale of Energy:					
Residential	\$18,849,656	\$19,869,104	\$21,510,126	\$23,902,788	\$24,414,010
Commercial Small	25,660,869	27,071,358	27,177,335	28,500,186	28,354,299
Commercial Medium	3,435,518	4,278,240	4,366,885	4,338,898	4,580,711
Public Authority	2,047,549	1,973,689	1,958,154	1,965,664	2,225,142
Other	797,198	1,028,631	913,247	793,870	1,453,471
Total Revenues from Sale of Energy	\$50,790,790	\$54,221,022	\$55,925,747	\$59,501,406	\$61,027,633
Peak Demand (kW) ⁽¹⁾	63,372	64,283	63,738	59,624	54,362

⁽¹⁾ Decline over the five-year period primarily reflects increased distributed solar installations and energy efficiency programs implemented by AMP.

Source: Alameda Municipal Power.

Service Area

Population. The City of Alameda is located in Alameda County just west of the City of Oakland and approximately 12 miles east of San Francisco. The service area of the AMP electric system is coterminous with the city boundaries. Shown below is certain population data for the City of Alameda, the County of Alameda and the State of California.

**CITY OF ALAMEDA, COUNTY OF ALAMEDA,
STATE OF CALIFORNIA POPULATION
(1970-2010 as of April 1; 2011-2019 as of January 1)**

Year	City of Alameda	County of Alameda	State of California
1970	70,968	1,071,446	19,971,069
1980	63,852	1,105,379	23,667,764
1990	76,459	1,279,182	29,760,021
2000	72,259	1,443,741	33,871,653
2010	73,812	1,510,271	37,253,956
2011	74,517	1,525,845	37,594,781
2012	75,272	1,546,992	37,971,427
2013	75,911	1,570,384	38,321,459
2014	76,468	1,590,603	38,622,301
2015	77,254	1,613,168	38,952,462
2016	78,750	1,631,008	39,214,803
2017	78,945	1,646,156	39,504,609
2018	78,980	1,656,884	39,740,508
2019	79,316	1,669,301	39,927,315

Sources: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2019, as of January 1, State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, with 2010 Census Benchmark. Sacramento, California, May 2019.

Employment. Alameda is part of the highly urbanized East Bay, which consists of Alameda and Contra Costa counties. A highly skilled labor force, excellent transportation facilities, renowned educational institutions and available advanced research and development resources contribute to the area's economy. The largest employers in Alameda as of June 30, 2019 are as follows:

**CITY OF ALAMEDA
2018-19 LARGEST EMPLOYERS**

Employer	Business	Number of Employees
Penumbra	Med. Device Developer/Manufacturer	1,839
Alameda Unified School district	Public School	1,025
Allegis Group Services, Inc	Recruiting & Talent Mgmt	950
Alameda Hospital	Health Care/Hospital	754
Oakland Raiders	Sports Team	694
Abbott Diabetes Care	Med. Device Developer/Manufacturer	600
City of Alameda	Local Government	533
U.S. Department of Transportation	Federal Government	400
Kaiser Foundation Health Plan	Health Care/Clinic	425
Performance Contracting	Speciality Contractors	380

Source: City of Alameda Finance Department.

The Oakland-Hayward-Berkeley Metropolitan Division, as defined by the State Employment Development Department, includes all cities within Alameda and Contra Costa Counties. According to the California Employment Development Department, the County of Alameda's unemployment rate was 3.0% for the year 2018. The following table sets forth certain information regarding employment in the City of Alameda from 2014 through 2018.

**CITY OF ALAMEDA
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2014 TO 2018⁽¹⁾**

	2014⁽²⁾	2015⁽²⁾	2016⁽²⁾	2017⁽³⁾	2018⁽³⁾
Civilian Labor Force	40,300	41,000	41,800	39,700	42,100
Employment	38,300	39,300	40,300	38,400	40,900
Unemployment	2,000	1,700	1,500	1,300	1,200
Unemployment Rate	5.0%	4.1%	3.6%	3.3%	2.8%

⁽¹⁾ Annual averages; not seasonally adjusted. Data may not add due to rounding. Unemployment rates calculated using unrounded data.

⁽²⁾ Reflects March 2016 benchmark.

⁽³⁾ Reflects March 2017 benchmark.

Source: State of California Employment Development Department, Labor Market Information Division, Monthly Labor Force Data for Cities and Census Designated Places, Annual Averages – Revised.

Assessed Valuation. The five-year history of assessed valuations in Alameda is as follows.

**CITY OF ALAMEDA
TOTAL ASSESSED VALUATIONS
(Fiscal Years 2014-15 through 2018-19)**

2014-15	2015-16	2016-17	2017-18	2018-19
\$10,531,584,610	\$11,155,282,233	\$11,858,309,875	\$12,544,972,055	\$13,543,528,162

Source: City of Alameda Finance Department.

Forecast of Capital Expenditures

AMP's current five-year capital plan for electric facilities contemplates capital expenditures in the following years and amounts:

**CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER
ESTIMATED CAPITAL EXPENDITURES**

Fiscal Year Ended June 30,				
2020	2021	2022	2023	2024
\$6,745,471	\$7,912,205	\$5,897,392	\$4,709,738	\$4,815,330

Source: Alameda Municipal Power.

The capital expenditures are for distribution system improvements and extensions, the underground conversion program, additions for new loads, replacements and maintenance, computer equipment and software and vehicles. AMP anticipates funding the majority of such costs from current year revenues and designated reserves.

Indebtedness; Joint Powers Agency Obligations

As of September 1, 2019, AMP had outstanding obligations under an Installment Sale Agreement, dated as of August 1, 2010 (the “Electric System Installment Sale Agreement”), by and between the Alameda Public Financing Authority and AMP, in the aggregate principal amount of \$22,795,000. The installment payments payable by AMP under the Electric System Installment Sale Agreement are payable from and secured solely by a pledge of and lien on net revenues of the electric system of AMP. These obligations are subordinate to the payments required to be made with respect to AMP’s obligations to NCPA and TANC as described below.

As previously discussed, AMP participates in certain joint powers agencies, including NCPA and TANC. Obligations of AMP with respect to TANC and NCPA constitute operating expenses of the AMP electric system payable prior to any of the payments required to be made by AMP under the Electric System Installment Sale Agreement described above. The agreements with NCPA and TANC are on a “take-or-pay” basis, which requires payments to be made whether or not projects are completed or operable, or whether output from such projects is suspended, interrupted or terminated. Certain of these agreements contain “step up” provisions obligating AMP to pay a share of the obligations of a defaulting participant. AMP’s participation and share of debt service obligation (without giving effect to any “step up” provisions) for each of the joint powers agency projects in which it participates are shown in the following table.

**CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER
OUTSTANDING DEBT OF JOINT POWERS AGENCIES
(Dollar Amounts in Millions)
(As of September 1, 2019)**

	Outstanding Debt⁽¹⁾	AMP’s Participation⁽²⁾	AMP’s Share of Outstanding Debt⁽¹⁾
NCPA			
Geothermal Project	\$ 20.1	16.8825%	\$ 3.4
Hydroelectric Project	265.7	10.0000	26.6
Capital Facilities Project Unit One	25.5	19.0000	4.9
TANC – South of Tesla	2.6	2.1040	0.1 ⁽³⁾
TOTAL *	<u>\$313.9</u>		<u>\$35.0</u>

* Columns may not add to totals due to independent rounding.

(1) Principal only. Does not include obligation for payment of interest on such debt.

(2) Participation obligation is subject to increase upon default of another project participant. Such increase shall not exceed, without written consent of a non-defaulting participant, an accumulated maximum of 25% of such non-defaulting participant’s original participation.

(3) AMP’s 1.23% participation share of TANC COTP entitlement has been assigned to other TANC Members. Excludes associated debt obligation. Alameda remains contractually obligated for its share to the extent not paid by assignees. Obligation shown represents portion of TANC COTP debt allocated to Tesla-Midway Transmission Service.

Source: Alameda Municipal Power.

AMP estimates its payment obligations for debt service on its joint powers agency debt obligations to be approximately \$5.7 million for the fiscal year ended June 30, 2019, and approximately \$5.6 million for the fiscal year ended June 30, 2020. A portion of the joint powers agency debt obligations are variable rate debt, liquidity support for which is provided through liquidity arrangements with banks. Unreimbursed

draws under liquidity arrangements supporting joint powers agency variable rate debt obligations bear interest at a maximum rate substantially in excess of the current interest rates on such obligations. Moreover, in certain circumstances, the failure to reimburse draws on the liquidity agreements may result in the acceleration of scheduled payment of the principal of such variable rate joint powers agency obligations. In connection with certain of such joint power agency obligations, the respective joint powers agency has entered into interest rate swap agreements relating thereto for the purposes of substantially fixing the interest cost with respect thereto. There is no guarantee that the floating rate payable to the respective joint powers agency pursuant to each of the interest rate swap agreements relating thereto will match the variable interest rate on the associated variable rate joint powers agency debt obligations to which the respective interest rate swap agreement relates at all times or at any time. Under certain circumstances, the swap providers may be obligated to make payments to the applicable joint powers agency under their respective interest rate swap agreement that is less than the interest due on the associated variable rate joint powers agency debt obligations to which such interest rate swap agreement relates. In such event, such insufficiency will be payable as a debt service obligation from the obligated joint powers agency members (a corresponding amount of which proportionate to its debt service obligations to such joint powers agency could be due from AMP). In addition, under certain circumstances, each of the swap agreements is subject to early termination, in which event the joint powers agency could be obligated to make a substantial payment to the applicable swap provider (a corresponding amount of which proportionate to its debt service obligations to such joint powers agency could be due from AMP).

Transfers to the General Fund

The Alameda City Charter provides that AMP transfer to the Alameda General Fund certain excess earnings of the electric system after payment of bond interest and sinking fund requirements and operating expenses (exclusive of depreciation) and certain amounts authorized to be retained by AMP from earnings of the electric system, all as defined in and provided pursuant to the terms of the City Charter. In the absence of such transfer of excess earnings as determined under the City Charter, the Alameda Public Utilities Board has authorized by resolution certain contributions from the electric system to the City General Fund in accordance with the provisions of the City Charter.

The following table sets out the transfers from the AMP electric system to the Alameda General Fund for the five fiscal years 2014-15 through 2018-19.

**CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER
TRANSFERS TO THE GENERAL FUND
(Dollar Amounts in Thousands)**

Fiscal Year	Transfer Amount
2014-15	\$2,800,000
2015-16	2,800,000
2016-17	2,800,000
2017-18	3,700,000
2018-19	3,818,400

Source: Alameda Municipal Power.

Employees

Labor Relations. As of June 30, 2019, approximately 87 City of Alameda employees were assigned specifically to the Alameda electric utility. AMP's management personnel are represented by the Electric Utility Professionals of Alameda ("EUPA"). Non-management personnel are represented either by the International Brotherhood of Electrical Workers ("IBEW") or the Alameda City Employees Association ("ACEA"). The current Memoranda of Understanding ("MOU") with each of EUPA, ACEA and IBEW expires June 30, 2022. There have been no strikes or other work stoppages at the City of Alameda, including AMP, since the early 1970s.

Pension Plans. Retirement benefits to City of Alameda employees, including those assigned to AMP, are provided through the City of Alameda's participation in the California Public Employees Retirement System ("CalPERS"), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating plan members. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95814.

Alameda's defined benefit pension plans, the Miscellaneous Plan and the Safety Plan of the City of Alameda, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries for substantially all Alameda employees. Benefit provisions under the plans are established by State statute and City resolution. No employees assigned to AMP participate in the Safety Plan. Alameda allocates a portion of the net pension liability, net pension expense and related deferred inflows and outflows of resources to AMP on a cost-sharing basis.

Active Miscellaneous Plan members hired prior to January 1, 2013 are required to contribute 7.00% of their annual covered salary and those hired on or after January 1, 2013 are required to contribute 6.75% of their annual covered salary. Alameda's employer contribution rate is determined annually by the actuary effective on the July 1 following notice of a change in rate. Funding contribution amounts are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Alameda is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The employer contribution rates are established, and may be amended, by CalPERS.

The table below sets forth AMP's allocated share of Alameda's city-wide required contributions to the Miscellaneous Plan for the five fiscal years 2014-15 through 2018-19. AMP's estimated allocated share of Alameda's city-wide budgeted contributions to the Miscellaneous Plan for the fiscal year ending June 30, 2020 is \$1,840,510.

Fiscal Year Ended June 30	City of Alameda Miscellaneous Plan		
	AMP Allocated Share	Total City Required Contribution Amount	AMP Contributions as a % of Covered Payroll
2015	\$1,016,782	\$ 3,713,053	13.61%
2016	1,312,978	4,525,123	16.84
2017	1,631,011	5,273,062	20.15
2018	1,739,297	5,710,914	20.12
2019	2,105,125	6,968,668	22.13

Source: Alameda Municipal Power.

Alameda's required contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase Alameda's required contributions to CalPERS in future years. Accordingly, Alameda cannot provide any assurances that Alameda's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

On December 21, 2016, the CalPERS Board of Administration voted to lower the pension plan's assumed rate of return for purposes of its actuarial valuations from 7.5% to 7.0% by 2020 (which reduction has been phased in over the period from fiscal year 2017-18 to 2019-20). CalPERS has estimated that with a reduction in the rate of return to 7.0%, most employers could expect a 1% to 3% increase in the percentage of payroll contribution for the normal cost for miscellaneous plans. In addition, CalPERS has estimated that employers could expect gradual increases in their unfunded accrued liability payment, reaching an approximate increase in such payment (relative to the unfunded accrued liability payments projected in the June 30, 2015 valuation report) of 30% to 40% by fiscal year 2024-25 for miscellaneous plans. As a result, required contributions of employers, including Alameda, toward unfunded accrued liabilities, and as a percentage of payroll for normal costs, are expected to increase.

Effective for the fiscal year ended June 30, 2015, Alameda adopted Governmental Accounting Standards Board ("GASB") Statement No. 68 ("GASB No. 68"), affecting the reporting of pension liabilities for accounting purposes. Under GASB No. 68, Alameda is required to report the Net Pension Liability (*i.e.*, the difference between the Total Pension Liability and the Pension Plan's Net Position or market value of assets) in its financial statements.

The table below summarizes certain information relating to AMP's proportionate share of the Net Pension Liability of Alameda's Miscellaneous Plan as of the June 30, 2014 through June 30, 2018 measurement dates, as reported for the subsequent fiscal year. AMP's proportion of Alameda's net pension liability was based on AMP's fund contributions for the fiscal year ended June 30, 2016 relative to the total contributions of the City of Alameda as a whole.

Alameda Municipal Power Proportionate Share of the Net Pension Liability – Miscellaneous Plan				
Measurement Date ⁽¹⁾ (June 30)	Proportionate Share of the Net Pension Liability ⁽²⁾	Electric Enterprise Fund Share of the Net Pension Liability ⁽²⁾	Share of Net Position as a % of Share of Total Pension Liability	Share of Net Pension Liability as a % of Its Covered Payroll
2014	29.00%	\$13,657,795	81.01%	188.02%
2015	29.00	16,040,814	77.96	214.70
2016	29.84	21,006,196	72.92	269.35
2017	30.19	24,557,226	71.50	303.40
2018	30.26	24,012,403	72.90	252.39

⁽¹⁾ Measured using prior fiscal year annual actuarial valuation rolled forward to measurement date using standard update procedures.

⁽²⁾ Reflects AMP's share of the City of Alameda's Miscellaneous Plan Net Pension Liability of \$47,095,846 as of the June 30, 2014 measurement date, \$55,313,151 as of the June 30, 2015 measurement date, \$70,405,741 as of the June 30, 2016 measurement date, \$81,333,405 as of June 30, 2017 measurement date, and \$79,349,751 as of the June 30, 2018 measurement date, respectively.

Source: Alameda Municipal Power.

In the June 30, 2017 actuarial valuation utilized for measuring the pension liability as of the June 30, 2018 measurement date, the Entry Age Normal Actuarial Cost Method was used. The actuarial valuation assumptions used for determining pension liabilities included (a) a 7.15% discount rate (net of

administrative expense); (b) projected salary increases ranging from 0.4% to 8.52% depending on age, service and type of employment; (c) an inflation component of 2.50% per year; and (d) payroll growth of 3.0%.

Retiree Health Benefits. Alameda also provides medical and dental benefits to eligible city employees, including those assigned to AMP, who retire from Alameda, through the City of Alameda Other Post Employment Benefit Plan (the “OPEB Plan”), offered by CalPERS, an agent multi-employer defined benefit healthcare plan. AMP only has miscellaneous employees participating in Alameda’s plan.

Alameda contracts with CalPERS to administer its retiree health benefit plan. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees’ Retirement Law. Alameda chooses among the menu of benefit provisions and adopts certain benefit provisions of Alameda City Council resolution. Alameda is responsible for establishing and amending the funding policy of the OPEB Plan.

In order to be eligible for benefits, an employee must retire directly from Alameda under CalPERS. Alameda created a trust with Public Agency Retirement Services; however the trust is only for safety employees (police and fire) of Alameda. For eligible miscellaneous employees, Alameda pays the Public Employees’ Medical and Hospital Care Act minimum employer contribution on their behalf, which is \$136 per month for 2019 and \$139 per month for 2020. These employees receive no other post-employment benefits from Alameda. Contributions to the OPEB Plan for miscellaneous employees are generally based on pay-as-you go financing.

For fiscal years prior to fiscal year 2017-18, Alameda’s reported annual OPEB cost (expense) was calculated based upon the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a closed period not to exceed 30 years. As noted above, Alameda does not currently pre-fund any portion of the OPEB plan for miscellaneous employees.

The table below sets forth certain information regarding Alameda’s annual OPEB cost and approximate portion of such amount funded by AMP, the percentage of annual OPEB cost contributed and Alameda’s Net OPEB obligation for the three fiscal years 2014-15 through 2016-17.

City of Alameda OPEB Plan – Miscellaneous Employees				
Fiscal Year Ended June 30	Alameda Annual OPEB Cost	Amount Funded by AMP	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 8,010,000	\$57,708	34%	\$31,654,120
2016	10,373,000	57,708	84	33,297,060
2017	10,869,882	57,996	41	39,668,326

Source: Alameda Municipal Power.

Effective beginning in fiscal year 2017-18, Alameda follows the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB No. 75”) affecting the reporting of OPEB liabilities for accounting purposes. GASB No. 75 replaces the requirements of GASB Statement No. 45. GASB No. 75 establishes standards for employers with other postemployment liabilities for recognizing and measuring net OPEB liabilities, along with deferred inflows and outflows of resources, and expenses/expenditures related to the other postemployment liability. GASB No. 75 does not establish requirements for funding.

AMP's allocated share of Alameda's city-wide annual contributions to the OPEB Plan for fiscal year 2017-18 was \$71,130. The amount budgeted for AMP's share of OPEB Plan contributions for fiscal year 2018-19 was \$65,000, and the amount budgeted for AMP's share of the city-wide annual contributions to the OPEB Plan for fiscal year 2019-20 is \$100,000. Actual fiscal year 2018-19 information is not yet available.

Pursuant to GASB No. 75, for the fiscal year ended June 30, 2018 (the most recent fiscal year for which information is currently available), Alameda reported a total OPEB liability of \$1,979,781 for its share of the City of Alameda's total OPEB liability. AMP's proportionate share of the City of Alameda's total OPEB liability as a percentage of covered-employee payroll was 16.51%. AMP's proportion of the City of Alameda's total OPEB liability was based on AMP's fiscal year 2017-18 contributions to the City of Alameda's OPEB Plan relative to the total contributions of the City of Alameda as a whole. AMP's proportionate share of the City's total OPEB liability for the OPEB Plan as of the June 30, 2018 measurement date was 1.92%. The total OPEB liability of the OPEB Plan was measured as of June 30, 2018 and the total OPEB liability for the plan used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2016. AMP's proportion of the City of Alameda's total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions: (a) a discount rate of 3.98%; (b) payroll growth of 3.00%, plus merit increases; (c) a 2.75% inflation rate; (d) an annual health care cost trend rate of 6.50% initially, declining to 5.0% in 2022 and later years, for PPO plans, and 6.00% initially, declining to 5.0% in 2022 and later years, for HMO plans.

Additional information regarding the City of Alameda's retirement plans and other post-employment benefits can be found in Alameda's comprehensive annual financial reports, which may be obtained at <http://www.cityofalamedaca.gov>.

Insurance

As a member of the California Joint Powers Risk Management Authority ("CJPRMA") and the Local Agency Workers' Compensation Excess Joint Powers Authority ("LAWCX"), Alameda carries both liability and property coverage in excess of self-insurance at varying levels. Through CJPRMA, Alameda carries \$40 million in general liability coverage subject to a \$500,000 self-insured retention. As a member of CJPRMA, Alameda is a participant in both the vehicle physical damage and property programs. Alameda carries physical damage coverage for vehicles worth \$25,000 or more, subject to a \$10,000 deductible. With respect to the property and boiler and machinery coverage, Alameda carries "all risk" (excluding flood and earthquake) replacement cost coverage for both real and personal property, subject to a \$25,000 deductible. Finally, Alameda carries workers' compensation coverage with statutory limits, in excess of a \$350,000 self-insured retention through LAWCX.

Litigation

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining Alameda in the execution or delivery of, or in any way contesting or affecting the validity of any proceedings of Alameda taken with respect to, the Unit One Member Agreement.

City of Alameda Settlement with Securities and Exchange Commission. As described below, Alameda has entered into a settlement order with the United States Securities and Exchange Commission (the "SEC") pursuant to the SEC's Division of Enforcement's Municipalities Continuing Disclosure Cooperation ("MCDC") Initiative.

In connection with an Offer of Settlement by the City of Alameda dated June 27, 2016, and an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933,

Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order of the United States Securities and Exchange Commission dated August 24, 2016 (the “SEC Order”), the City of Alameda has undertaken to:

(i) Within 180 days of the entry of the SEC Order, establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, including the designation of an individual or officer at Alameda responsible for ensuring compliance by Alameda with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training.

(ii) Within 180 days of the entry of the SEC Order, comply with existing continuing disclosure undertakings, including updating past delinquent filings if Alameda is not currently in compliance with its continuing disclosure obligations.

For good cause shown, the SEC staff may extend any of the procedural dates relating to the Alameda’s undertakings. Deadlines for procedural dates are to be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

(iv) Disclose in a clear and conspicuous fashion the terms of the settlement in any final official statement for an offering by Alameda within five years of the institution of the SEC’s proceedings.

(v) Certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The SEC staff may make a reasonable request for further evidence of compliance, and Alameda has agreed to provide such evidence. The certification and supporting material shall be submitted to certain specified SEC personnel no later than the one-year anniversary of an institution of the SEC’s proceedings.

(vi) Cooperate with any subsequent investigation by the SEC regarding the false statement(s) and/or material omission(s), including the roles of individuals and/or other parties involved.

Alameda has established procedures to ensure compliance with its continuing disclosure undertakings in the future for Alameda and for all entities that are created or controlled by Alameda; and has made remedial filings of all delinquent or missing information in its prior undertakings for issues currently outstanding. Alameda fully intends to comply with all other requirements of the SEC Order.

Present lawsuits and claims concerning AMP’s electric system are incidental to the ordinary course of operations of the electric system and are largely covered by Alameda’s self-insurance program. In the opinion of AMP’s management and, with respect to such litigation, the Alameda City Attorney, such claims and litigation will not have a materially adverse effect upon the financial position of AMP.

Significant Accounting Policies

AMP’s most recent Component Unit Financial Statements for the fiscal years ended June 30, 2018 and 2017 were audited by Vavrinek, Trine, Day & Company, LLP, Pleasanton, California (which effective in July 2019, merged with Eide Bailly LLP), in accordance with generally accepted auditing standards. The audited financial statements contain opinions that the financial statements present fairly the financial position of AMP. The reports include certain notes to the financial statements which are not described

herein. Such notes constitute an integral part of the audited financial statements. Copies of these reports are available upon request from the City of Alameda, Alameda Municipal Power, 2000 Grand Street, Alameda, California 94501 and from their website at *www.AlamedaMP.com*. It is the policy of Alameda to periodically bid, select and retain independent auditors.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

AMP's operations are accounted for as an Enterprise Fund. Enterprise funds are used by municipalities to account for operations which are financed and operated similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods and services to the public on a continuing basis be recovered primarily through user charges.

AMP's accounting records and financial statements are on the accrual basis and are substantially in accordance with the Uniform System of Accounts for Class A and B Electric Utilities prescribed by the FERC, as required by the Alameda City Charter.

Condensed Operating Results and Selected Balance Sheet Information

The following table sets forth summaries of operating results and selected balance sheet information of AMP's electric utility for the five fiscal years 2014-15 through 2018-19. The information for the fiscal years ended June 30, 2015 through June 30, 2018 was prepared by AMP on the basis of its audited financial statements for such years. However, the figures shown and the historical debt service coverage ratios are calculated in accordance with AMP's Electric System Installment Sale Agreement pursuant to which AMP's outstanding electric system revenue obligations were incurred, which may or may not be on the same basis as GAAP, and as such, do not match the line item designations in AMP's audited financial statements. The information for the fiscal year ended June 30, 2019 was prepared from AMP's preliminary, unaudited results for fiscal year 2018-19.

[Remainder of page intentionally left blank.]

**CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER
CONDENSED OPERATING RESULTS AND SELECTED BALANCE SHEET INFORMATION**

	Fiscal Years Ended June 30				
	2015	2016	2017	2018	Preliminary 2019
Electric System Revenues					
Sales of Electricity	\$50,790,790	\$54,221,022	\$55,925,748	\$59,501,406	\$61,027,633
Other Revenues ⁽¹⁾	1,390,534	1,852,516	3,159,383	1,890,185	1,891,371
REC, LCSF & C&T Sales ⁽⁶⁾	6,824,069	6,363,950	5,071,175	3,435,082	4,159,357
Total Electric System Revenues	\$59,005,393	\$62,437,488	\$64,156,306	\$64,827,185	\$67,078,361
Operation and Maintenance Costs (by FERC categories)					
Purchased Power ⁽²⁾	\$27,517,599	\$29,781,270	\$28,201,607	\$28,618,484	\$29,586,832
Energy Efficiency, Solar and Other	1,605,608	1,684,963	1,504,629	1,172,615	1,773,249
Operations & Maintenance	4,328,813	4,573,500	4,674,307	4,814,122	5,033,334
Customer Service, Information Systems	2,113,922	2,226,364	2,170,617	2,296,001	2,617,469
Administrative & General	6,115,467	7,732,884	7,425,117	10,527,575	10,313,064
Customer Relations	531,550	540,214	530,544	505,711	548,723
Jobbing Sales Expense	202,796	315,472	993,580	367,624	1,242,159
Balancing Account Adjustment	(660,241)	1,010,084	1,425,636	2,821,087	5,218,767
Total Operation and Maintenance Costs⁽³⁾	\$41,755,514	\$47,864,751	\$46,926,037	\$51,123,219	\$56,333,597
Net Revenues	\$17,249,879	\$14,572,737	\$17,230,269	\$13,703,966	\$10,744,764
Rate Stabilization Fund Transfers	(\$6,824,069)	(\$6,363,950)	(\$5,071,175)	(\$3,435,082)	(\$4,159,357)
Use of Reserves	1,411,438	2,281,580	1,020,393	5,652,517	2,240,289
Adjusted Annual Net Revenues	\$11,837,248	\$10,490,367	\$13,179,487	\$15,921,401	\$ 8,825,696
Debt Service	2,712,637	2,640,325	2,631,044	2,626,368	2,617,703
Debt Service Coverage ⁽⁴⁾	4.36	3.97	5.01	6.06	3.37
Amount Available After Debt Service	\$9,124,611	\$7,850,042	\$10,548,443	\$13,295,033	\$6,207,993
Selected Balance Sheet Information					
Total Unrestricted					
Cash & Investments ⁽⁵⁾	\$42,094	\$41,909	\$39,422	\$48,058	\$56,310
Rate Stabilization Fund Balance ⁽⁶⁾	16,505	20,583	24,633	21,431	26,688
Net Plant in Service	35,669	38,470	36,275	38,333	35,852
Construction Work in Progress	4,519	1,736	6,452	2,873	3,862
Electric Utility Plant-Net	40,188	40,206	42,727	41,206	39,715
Outstanding Electric System Debt	\$27,590	\$26,460	\$25,290	\$24,070	\$22,795

(1) Other Revenues includes operating and non-operating sources such as solar surcharge, interest income, lease income, account establishment, reconnection and late fees, jobbing sales and other miscellaneous items.

(2) Includes purchased power costs and payments to NCPA and TANC. Also includes prior year budget settlements from NCPA.

(3) Excluding Payments in lieu of taxes and depreciation.

(4) Adjusted Annual Net Revenues divided by debt service.

(5) Includes General Reserve balance held at NCPA. See also "Available Funds" below.

(6) Includes renewable energy credit (REC) sales, low carbon fuel sales (LCSF) and auction sales for cap-and-trade (C&T) placed into reserve for Rate Stabilization Fund. See "– Energy Efficiency and Conservation; Renewable Resources" above.

Source: Alameda Municipal Power.

Inter-fund Transfers. During the fiscal year 2008-09, \$1,095,614 in inter-fund transfers (*i.e.*, no repayment expected) from the Electric System enterprise fund to the telecommunications system enterprise fund were recorded for expenses due to the sale of the Alameda's telecommunications system on November 21, 2008. During the fiscal years 2009-10 through 2015-16, additional inter-fund transfers from the Electric System enterprise fund to the telecommunications system enterprise fund amounted to \$2,734,279, \$2,929,410, \$987,222, \$206,429, \$581,343, \$574,818, and \$2,190,230, respectively, for expenses. In June 2016, AMP made the final payment to the City of Alameda for approximately \$2.2 million terminating the telecommunications enterprise fund.

Available Funds. Of the total unrestricted cash and investments, as of June 30, 2019, the balance in cash and cash equivalents available at AMP was \$25,980,675 (preliminary, unaudited). In addition, AMP had available in reserve accounts held by NCPA an additional \$5,485,842 as of such date.

[Remainder of page intentionally left blank.]

CITY OF LODI

Introduction

The City of Lodi (“Lodi”) is a general law city in the State of California incorporated in 1906. Lodi is located in the San Joaquin Valley of California, 35 miles south of the State capital of Sacramento, and 90 miles east of San Francisco. Lodi’s boundaries encompass approximately 14 square miles.

Lodi provides electric utility service through an electric utility department. The legal responsibilities and powers of the electric utility department, including the establishment of rates and charges, are exercised through the five-member Lodi City Council. Commencing with the November 2018 election, the City has changed to the election of councilmembers by district. Each Councilmember is elected for four years with staggered terms. The Lodi electric utility department is under the direction of the Electric Utility Director who is appointed by the City Manager.

Lodi joined NCPA at its founding in 1968. Lodi participates in several NCPA generation projects and member service programs. In addition, Lodi is an NCPA Pool Member and NCPA’s Central Dispatch Center in Roseville provides real-time dispatching and scheduling of most available resources to serve Lodi’s electric load.

The Lodi electric system serves the entire area of the City of Lodi (approximately 14 square miles) and has approximately 131 miles of overhead lines and approximately 129 miles of underground lines. During the fiscal year ended June 30, 2019, the Lodi electric system served 26,798 customers, comprised of 23,480 residential customers, 3,145 commercial/industrial customers and 173 other customers. On July 24, 2006, an all-time, historical high peak demand of 140.4 MW was reached.

Only the revenues of the Lodi electric system will be available to pay amounts owed by Lodi under the Unit One Member Agreement.

The Lodi electric department’s main office is located at 1331 South Ham Lane, Lodi, California 95242, (209) 333-6762. For more information about Lodi and its electric system, contact Jeff Berkheimer, Electric Utility Director, at the above address and telephone number. A copy of the most recent comprehensive annual financial report of the City of Lodi (the “CAFR” or “Annual Report”) is available on Lodi’s website at <http://www.lodi.gov> and on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system at <http://emma.msrb.org/>. The Annual Report is incorporated herein by this reference. However, the information presented on such website or referenced therein other than the Annual Report is not part of this Official Statement and is not incorporated by reference herein.

Power Supply Resources

The following table sets forth information concerning Lodi’s power supply resources and the energy supplied by each during the fiscal year ended June 30, 2019.

CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
POWER SUPPLY RESOURCES
For the Fiscal Year Ended June 30, 2019

Source	Capacity Available (MW)⁽¹⁾	Actual Energy (MWh)	% of Total Energy
Purchased Power ⁽²⁾ :			
Western Area Power Administration	5.4	25,006	5.6%
NCPA			
Geothermal Project	14.8	77,689	17.4
Hydroelectric Project	26.2	88,243	19.7
Combustion Turbine Project No. 1	9.5	1,507	0.3
Capital Facilities, Unit One	19.6	5,827	1.3
Lodi Energy Center	28.7	131,319	29.4
Contracts and Exchanges ⁽³⁾	31.7	117,815	26.3
Total	135.9	447,406	100.0%
Total Capacity and Energy Sold at Wholesale	N/A	22,223	
Lodi System Requirement for Retail Load ⁽⁴⁾	117.9	425,183	

(1) Information compiled from NCPA Annual Resource Adequacy Filings.

(2) Entitlements, firm allocations and contract amounts.

(3) Includes participation in Astoria 2 Solar Project and purchases procured through NCPA for Lodi.

(4) Information compiled from NCPA All Resources Bill. Includes supply from line losses.

Source: City of Lodi.

In the fiscal year ended June 30, 2019, Lodi's average cost of power delivered to the Lodi electric system was 9.4 cents per kWh.

Purchased Power

Western. Lodi is a party to the Contract for Electric Service Base Resource (the "Base Resource Contract") with the Western Area Power Administration ("Western"), under which Lodi takes delivery of a 0.569% share of the base resource output of the Central Valley Project ("CVP"). The CVP consists of a series of federal hydroelectric facilities located and interconnected in Northern California. The amount of energy delivered to Lodi under the Base Resource Contract is subject to hydrology variability and water storage levels within the CVP. The Base Resource Contract is structured on a take-or-pay basis; whereby Lodi is obligated to pay its share of Western's costs whether or not it receives any power. Energy under the Base Resource Contract is scheduled for delivery to Lodi by NCPA. Service under the Base Resource Contract is scheduled to expire on December 31, 2024. Western has begun its new marketing plan process whereby Lodi has the opportunity to evaluate the potential additional acquisition or surrender of base resource power from the CVP. At this time, Lodi is evaluating its options by participating in power customer engagement workshops. Pursuant to its power marketing plan, Western has indicated it anticipates new 30-year contracts for up to 98% of a customer's existing base resource allocation are to be executed by customers choosing to do so in Spring 2020, with an effective date of January 1, 2025. Under the power marketing plan, Western will allow an existing customer to reduce its base resource percentage allocation with at least six month's written notice to Western prior to January 1, 2025.

Other Purchases. Lodi had a 25 MW participation share in the Capacity and Energy Exchange Agreement between NCPA and Seattle City Light (the "SCL Exchange Agreement"), pursuant to which

energy was exchanged between the parties based on seasonal requirements. The SCL Exchange expired on May 31, 2018. Other power purchases for fiscal year 2018-19, as reflected in the Contracts and Exchanges figures listed in the table above, are associated with short-term purchases and the Astoria 2 Solar Project. NCPA transacts and schedules daily and hourly (spot) power purchases and sales to balance and serve Lodi's native load requirements.

Joint Powers Agency Resources

NCPA. Lodi does not independently own any generation assets but, in addition to power purchased from Western and others, Lodi is a participant in various NCPA projects. Lodi has a 39.5% project participation entitlement share of the Combustion Turbine Project Number Two (referred to as Unit One or the Project in this Official Statement); a 10.37% project participation entitlement share of the NCPA Hydroelectric Project; a 14.56% project participation entitlement share of the Geothermal Generating Unit 2 Project and a 6.0% project participation entitlement share of the Geothermal Generating Project Number 3 (which are jointly operated as a single project, the NCPA Geothermal Project); a 13.39% project participation entitlement share in the NCPA Combustion Turbine Project Number One (exclusive of the portion acquired by the City of Roseville); and a 9.5% generation entitlement share in NCPA's Lodi Energy Center Project. Lodi additionally participates in the NCPA Geysers Transmission Project, in which it has a 20.61% entitlement share, pursuant to which NCPA, on behalf of Lodi, delivers output from the geothermal generating assets pursuant to the agreement of co-tenancy in the Castle Rock Junction-Lakeville 230-kV Transmission Line. For a description of such resources, see "THE PROJECT" and "OTHER NCPA PROJECTS" in the front part of this Official Statement. For each of these NCPA projects in which Lodi participates, Lodi is obligated pursuant to contract, to pay, on an unconditional take-or-pay basis, as an operation and maintenance cost of its electric system, its entitlement share of the debt service on NCPA bonds issued for the projects, as well as its share of all operation and maintenance expenses of the projects. See also "– Indebtedness; Joint Powers Agency Obligations" below.

TANC California-Oregon Transmission Project. Lodi is a member of the Transmission Agency of Northern California ("TANC") and has executed an agreement (the "TANC Agreement") to acquire a participation percentage share of TANC's entitlement of the California-Oregon Transmission Project ("COTP") transfer capability. Lodi participated in the acquisition of an increased share of transfer capability of the COTP in connection with the acquisition by TANC in April 2008 of the COTP transmission assets of the City of Vernon, California ("Vernon"), one of the original owners of the COTP, which acquisition was financed by TANC through the issuance of additional TANC debt (the "Vernon acquisition debt"). Lodi has a participation share of 26.7 MW of TANC's entitlement to transfer capability of the COTP and is responsible for 1.92% of TANC's COTP operating and maintenance expenses and 1.89% of TANC's COTP debt service (non-Vernon) and 2.62% of the Vernon acquisition debt. See "CITY OF ALAMEDA – Transmission Resources – *TANC California-Oregon Transmission Project*" for a further description of the COTP and the TANC Agreement.

On April 2, 2014, the Lodi City Council approved a 25-year layoff of Lodi's 26.7 MW share of COTP transfer capability, effective July 1, 2014, whereby Lodi and all of the TANC Members who are in the balancing authority area of the CAISO laid off their interests to certain other COTP participants (*i.e.*, Modesto Irrigation District ("MID"), Turlock Irrigation District ("TID") and Sacramento Municipal Utility District ("SMUD")) (subject to certain rights of Lodi and the other layoff entities to recall, and certain rights of MID, TID, and/or SMUD to return, up to 50% of their respective shares of the entitlement amount laid off). In exchange for their respective increased right to use of COTP transfer capability, MID, TID and SMUD will pay Lodi's (and the other layoff entities') current allocated share of COTP costs. This layoff arrangement does not change Lodi's membership status in TANC and does not relieve Lodi of its obligations under the TANC Agreement in the event of any default in payment by an acquiring party. See also "– Indebtedness; Joint Powers Agency Obligations" below.

TANC Tesla–Midway Transmission Service. TANC and certain TANC Members have arranged for Pacific Gas & Electric Company (“PG&E”) to provide TANC and its members with 300 MW of firm bi-directional transmission capacity on its transmission system between its Midway Substation near Buttonwillow, California, and its Tesla Substation near Tracy, California, near the southern physical terminus of the COTP (the “Tesla–Midway Transmission Service”) under an agreement known as the South of Tesla Principles. Lodi’s share of this Tesla–Midway Transmission Service is 6.21 MW. Lodi has utilized its full allocation of Tesla–Midway Transmission Service for firm and non-firm power transactions in the past. See “CITY OF SANTA CLARA – Transmission Resources – *TANC California-Oregon Transmission Project*” for a further description of the COTP and the TANC Agreement. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy” in the front part of this Official Statement.

Renewable Resources

Lodi expects to procure, either on its own or through NCPA, a renewable power resource portfolio that satisfies applicable State requirements, the main provisions of which are currently contained in the California Renewable Energy Resources Act (“SBX1-2”) enacted in 2011, the Clean Energy and Pollution Reduction Act of 2015 (“SB 350”) and the 100 Percent Clean Energy Act of 2018 (“SB 100”). See “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings” in the front part of this Official Statement.

Lodi’s power mix in calendar years 2018 and 2017 consisted of 35% and 31% of eligible renewable resources, respectively. Pursuant to SBX1-2, during Compliance Period 1 (January 1, 2011 through December 31, 2013), an average of 20% of the electric system’s retail sales were required to be procured from eligible renewable energy resources. Lodi exceeded the RPS target under SBX1-2 for Compliance Period 1, with an average of approximately 21.7% of Lodi’s energy portfolio supplied from renewable resources over such period. During Compliance Period 2 (January 1, 2014 through December 31, 2016) under SBX1-2, the electric system was required to procure electricity products from eligible renewable energy resources representing a total equal to 20% of 2014 retail sales, 20% of 2015 retail sales and 25% of 2016 retail sales. Lodi also exceeded the RPS target for Compliance Period 2, with approximately 21.1% of the City’s energy portfolio supplied from renewable resources in calendar year 2014, approximately 21% of Lodi’s energy portfolio supplied from eligible renewable resources in calendar 2015, and approximately 24% of Lodi’s energy portfolio supplied from eligible renewable resources in calendar year 2016. With its existing power resources, participation in a new solar energy project (described below), and historic carryover, Lodi anticipates meeting its Renewable Portfolio Standard (“RPS”) requirements through 2024.

In addition to geothermal and small hydroelectric resources through NCPA, Lodi’s current renewable power resources include solar resources, which are described below.

The Astoria 2 Solar Project, which reached commercial operation on December 9, 2016, is a 75 MW photovoltaic plant developed by Recurrent Energy, located in the southeastern portion of Kern County. Lodi entered into a power purchase agreement with Recurrent Energy for a 13.3333%, or 10 MW, share of the output of the Astoria 2 Solar Project, which is enough energy to meet approximately 7% of Lodi’s retail load. The contract term for the Astoria 2 Solar Project is 20 years. Energy from this project qualifies as Portfolio Content Category 1 energy under RPS. Combined with existing generation resources and historic carryover, this project will enable Lodi to meet its RPS obligations through 2024.

The cost of power from the Astoria 2 Solar Project is fixed at \$63/MWh for the 20-year life of the project. The price is only paid for energy actually delivered. Lodi does not have any ownership interest in the project and will not incur any capital expenditures related to the project.

The Antelope Expansion Phase 1 Solar Facility (“Antelope Expansion Project”), is a 51 MW photovoltaic plant being developed by Antelope Expansion 1B, LLC, located in the City of Lancaster, Los Angeles County, California. The Antelope Expansion Project is expected to reach commercial operation on or about June 30, 2021. NCPA, on behalf of Lodi and other NCPA members, entered into a power purchase agreement with Antelope Expansion 1B, LLC for a 33.78%, or 17 MW, share of the output of the Antelope Expansion Project. Lodi has a 58.82%, or 10 MW, project participation percentage share of the Antelope Expansion Project. The contract term for the Antelope Expansion Project is 20 years. Energy from this project will qualify as Portfolio Content Category 1 energy under RPS. The output produced from the project will contribute to Lodi’s compliance with RPS obligations beyond the 2020 compliance period.

The cost of power from the Antelope Expansion Project is fixed at \$39.00/MWh for the 20-year life of the project. The price is only paid for energy actually delivered. Lodi does not currently have any ownership interest in the project, and as such will not incur any capital expenditures related to the project.

Future Power Supply Resources

Based upon its current forecasted sales growth, resource mix and market prices, Lodi expects its annual balance-of-month, day-ahead, and hour-ahead purchases will on average be less than 25% of total energy requirements over the next two years. Lodi’s interest in multiple NCPA generation projects provides substantial capacity toward covering Lodi’s net short position in the event that market prices rise above the respective unit’s cost of production. Lodi has developed medium-term hedging strategies to reduce volatility associated with market purchases and the seasonal nature of its loads and resources. In addition, due to the long lead time in acquiring certain resources, including renewable resources, Lodi, through NCPA, is pursuing, and will continue to consider, additional projects that may be included in its future resource mix in coordination with NCPA and other NCPA members.

Energy Efficiency and Conservation

Since 1998, Lodi has maintained a public benefits program as required by State law, a component of which is demand-side management (commonly referred to as energy efficiency and conservation). Under this program, Lodi offers customers rebates to incentivize investment in energy efficient products and improvements, including insulation, replacement windows, improvements to air duct systems, high-efficiency air conditioners, heat pumps, attic and whole-house fans, refrigeration efficiency improvements, EnergyStar appliances, web-enabled smart thermostats, pump/motor/process equipment improvements and lighting retrofits.

Lodi also provides energy education for residential and non-residential customers, including on-site energy audits, and hosts a number of programs to promote energy education and customer outreach. As part of its education and customer outreach efforts, Lodi provides a school-based energy efficiency education program for 6th grade elementary school students, offers free energy efficiency measures through its direct install program and is a sponsor of the annual NorCal Science Festival. Lodi provides low-income and disadvantaged persons and families with emergency energy assistance credits on utility bills with limitations, and utility bill discounts which are based on an income-eligibility process.

Lodi utility customers continue to be positively impacted by one or more of Lodi’s public benefits programs, either in the form of a direct utility rebate or via one of its outreach and educational programs.

Interconnections, Transmission and Distribution Facilities

Facilities Description. Lodi’s electric system is interconnected with the system of PG&E (three 60 kV lines). Lodi owns facilities for the distribution of electric power within the city limits of Lodi, which includes approximately 14 miles of 60 kV power lines, approximately 246 miles of 12 kV distribution lines

(approximately 50% of which are underground) and four substations. Lodi's system experiences approximately 56.5 minutes of outage time per customer per year.

Wildfire Risks. Lodi does not own or operate any transmission assets, and the service area of the Lodi electric system is not located in a designated wildfire area. In connection with the operation of its facilities and equipment, Lodi currently has in place a number of safety and emergency response measures. Lodi conducts a visual inspection of its distribution system each year. Lodi also performs ongoing vegetation management activities, including both preventive measures to control vegetation growth and actions to address reports of potentially hazardous conditions. Through its SCADA operations and control system, Lodi has the ability to remotely operate equipment on its system as needed. Lodi maintains an Electric Emergency Plan to establish response protocols in the event of an emergency, including fire. The Electric Emergency Plan is reviewed and updated annually. Pursuant to the requirements of California Senate Bill 901 and Assembly Bill 1054, Lodi has completed its Wildfire Mitigation Plan and third party independent evaluation. The Lodi City Council approved the Wildfire Mitigation Plan on November 20, 2019. See also "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings – *Legislation Relating to Wildfires; Related Risks*" in the front part of this Official Statement.

Rates and Charges

Lodi has the exclusive jurisdiction to set electric rates within its service area. These rates are not subject to review by any State or federal agency.

Lodi's fiscal year 2018-19 average rate per kWh for residential service was 18.8 cents. Lodi's fiscal year 2018-19 average rate for commercial and industrial service was 15.3 cents per kWh. Lodi's fiscal year 2019-20 average rate per kWh for residential service is projected to be 17.2 cents. Lodi's fiscal year 2019-20 average rate for commercial and industrial service is projected to be 15.4 cents per kWh.

The following table presents a recent history of Lodi's rate increases since 2013. The last base rate increase took effect July 1, 2017.

CITY OF LODI ELECTRIC UTILITY DEPARTMENT RATE CHANGES

Effective Date	Percent Change
December 2018	Update to Economic Development rates
July 2018	Revision of Power Factor charge for non-residential customers
December 2017	Elimination of Solar Surcharge
July 2017	Average 2% increase across all rate classes
	Electric Vehicle rate restructure replacing minimum charge with customer charge and aligning energy charges with residential rates;
	City rate restructure replacing minimum charge with customer charge
November 2016	Residential rate restructure replacing minimum charge with customer charge and reduction to 3 energy tiers; Mobile home park rate restructure replacing minimum charge with customer charge, reducing pad discount and reduction to 3 energy tiers
September 2015	Extended Economic Development rates
January 2015	Average 5% increase across all rate classes
July 2013	Established Electric Vehicle and Industrial Equipment Charging Rates

Source: City of Lodi.

The Lodi City Council reviews electric system rates periodically and makes adjustments as necessary. All customers pay rates in accordance with the standard rate tariffs published in the Lodi Municipal Code.

Lodi implemented an Energy Cost Adjustment (“ECA”) in August 2007. The purpose of the ECA is to recover market power costs due to the fluctuations in power market conditions and energy sales. The ECA is reviewed monthly and is either increased or decreased as market conditions and energy sales change. The historic, average ECA is listed below.

**CITY OF LODI
AVERAGE ENERGY COST ADJUSTMENT
For Fiscal Years 2014-15 through 2018-19**

Fiscal Year	ECA (\$/kWh)
2014-15	0.0057
2015-16	0.0064
2016-17	0.0056
2017-18	0.0123
2018-19	0.0103

Largest Customers

The ten largest customers of Lodi’s electric system in terms of kWh sales, as of June 30, 2019, accounted for 25% of total kWh sales and 20% of revenues. The largest customer accounted for 4.6% of total kWh sales and 3.1% of total revenues.

Customers, Sales, Revenues and Demand

The number of customers, kWh sales, revenues derived from sales by classification of service and peak demand during the five fiscal years 2014-15 through 2018-19, are listed below.

[Remainder of page intentionally left blank.]

**CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
CUSTOMERS, SALES, REVENUES AND DEMAND⁽¹⁾**

	Fiscal Years Ended June 30,				
	2015	2016	2017	2018	2019
Number of Customers:					
Residential	22,355	22,459	22,870	23,145	23,480
Commercial	3,264	3,296	3,071	3,075	3,104
Industrial	40	44	41	41	41
Other	253	213	170	169	173
Total	25,912	26,012	26,152	26,430	26,798
Kilowatt Hour (kWh)					
Sales:					
Residential	148,950,428	151,137,940	146,192,111	155,539,509	147,116,802
Commercial	149,380,413	150,522,357	149,882,241	144,244,913	148,133,314
Industrial	128,814,673	125,018,845	118,900,040	115,066,917	104,931,881
Other	11,635,397	10,567,193	10,436,182	10,306,535	10,384,817
Total	438,780,911	437,246,335	425,410,574	425,157,874	410,566,814
Revenues from Sale of Energy ⁽²⁾					
Residential	\$25,165,194	\$26,525,558	\$26,021,916	\$27,967,919	\$27,702,390
Commercial	23,780,354	24,693,195	24,432,075	25,105,915	25,081,515
Industrial	14,418,921	14,469,390	13,852,860	14,877,597	13,908,500
Other	1,871,470	1,819,036	1,540,730	1,295,279	1,268,949
Total	\$65,235,939	\$67,507,179	\$65,847,581	\$69,246,709	\$67,961,354
Peak Demand (MW)	134.0	124.3	128.7	130.9	117.9

⁽¹⁾ Columns may not add to totals due to rounding.

⁽²⁾ Excludes revenues from California Energy Commission Tax.

Sources: City of Lodi Customer Information System reports.

Service Area

Population. Lodi is located in the San Joaquin Valley, adjacent to State Highway 99, between the City of Stockton, 10 miles to the south, and the City of Sacramento, 35 miles to the north. The service area of Lodi's electric system is coterminous with the city boundaries. The local economy is diverse among residential, agricultural, commercial and industrial sectors.

The following chart indicates the growth in the population of the City of Lodi, the County of San Joaquin and the State of California since 1970.

**CITY OF LODI, COUNTY OF SAN JOAQUIN,
STATE OF CALIFORNIA POPULATION ESTIMATES
(1970–2010 as of April 1; 2011-2019 as of January 1)**

Year	City of Lodi	County of San Joaquin	State of California
1970	28,691	291,073	19,971,069
1980	35,221	347,342	23,667,764
1990	51,874	480,628	29,760,021
2000	56,999	563,598	33,871,653
2010	62,134	685,306	37,253,956
2011	62,598	693,114	37,594,781
2012	63,113	700,519	37,971,427
2013	63,400	706,418	38,321,459
2014	63,700	713,315	38,622,301
2015	64,503	724,859	38,952,462
2016	65,074	736,027	39,214,803
2017	65,981	747,579	39,504,609
2018	67,042	757,279	39,740,508
2019	68,272	770,385	39,927,315

Source: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2019, as of January 1, State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, with 2010 Census Benchmark. Sacramento, California, May 2019.

Employment. Lodi is a worldwide agricultural shipping center for the San Joaquin Valley. The surrounding prime agricultural land is a major producer of wine grapes.

The City's employment base is diverse with industry that includes agribusiness, biotechnology, distribution, food and beverage product manufacturing, general service, government, health care, heavy manufacturing, and wine-based tourism and lodging.

The largest employers in Lodi as of June 30, 2019 are as follows:

CITY OF LODI LARGEST EMPLOYERS

Employer	Number of Employees
Lodi Unified School District	2,109
Pacific Coast Producers	1,350
Adventist Health Lodi Memorial ⁽¹⁾	1,270
Blue Shield of California	901
Walmart Supercenter	410
City of Lodi	381
TreeHouse (formerly Cottage Bakery)	301
Costco Wholesale	256
Farmers & Merchant Bank	204
Frank C Alegre Trucking Inc.	200

⁽¹⁾ Count includes full-time, part-time, temporary and seasonal employees.

Source: MuniServices, LLC / *an Avenu Insights & Analytics Company*
Results based on direct correspondence with city and local businesses.

The following table sets forth certain information regarding employment in the City of Lodi, the County of San Joaquin and the State from 2014 through 2018.

**CITY OF LODI
UNEMPLOYMENT RATES 2013 TO 2018⁽¹⁾**

Year	City of Lodi	County of San Joaquin	State of California
2014	9.90%	10.50%	7.50%
2015	8.30	8.90	6.20
2016	7.60	8.10	5.50
2017	6.76	7.20	4.80
2018	5.80	6.00	4.20

⁽¹⁾ Unemployment rates not seasonally adjusted, average annual rates.

Source: U.S. Bureau of Labor Statistics.

Assessed Valuation. A five-year history of assessed valuations in Lodi is as follows:

**CITY OF LODI
ASSESSED VALUATIONS
For Fiscal Years 2014-15 through 2018-19
(Dollar Amounts in Thousands)**

Fiscal Year	Land	Improvements	Personal Property	Total	Less Exemptions	Net Assessed Value
2014-15	\$1,469,347	\$3,610,391	\$338,312	\$5,418,050	\$326,833	\$5,091,217
2015-16	1,601,581	3,736,867	309,861	5,648,309	331,562	5,316,747
2016-17	1,711,208	3,854,604	294,457	5,860,269	334,485	5,525,784
2017-18	1,873,216	4,286,480	275,439	6,435,135	345,179	6,089,956
2018-19	1,971,712	4,614,261	229,719	6,815,692	338,170	6,477,522

Source: San Joaquin County Auditor-Controller's Office.

Forecast of Capital Expenditures

Lodi's five-year capital projection for electric facilities contemplates potential capital expenditures for substation upgrades, streetlight improvements, ongoing overhead and underground maintenance, and related system reliability projects. As reflected in the five-year capital improvement program forecast prepared in connection with the City of Lodi fiscal year 2019-20 budget, which was approved by the City Council on June 5, 2019, capital expenditures for the electric utility system over the next five years (not including the project described in the next paragraph) are estimated to cost approximately \$20.7 million. Lodi anticipates funding such capital costs from rate revenues, special development fees and Greenhouse Gas Free Allowance proceeds.

In addition, approved in March 2018 by the CAISO, the Northern San Joaquin 230 kV Transmission Project will help address the area's reliability and capacity needs. The project includes connecting PG&E's existing Brighton-Bellota 230 kV Transmission Line into PG&E's Lockeford Substation and building a new 230 kV double circuit transmission line from PG&E's Lockeford Substation to a new PG&E 230 kV switching station in Lodi. Lodi's 230/60kV Substation Project consists of two 230/60kV transformers along with site improvements, facilities and equipment required for the interconnection to PG&E's new 230 kV switching station and to Lodi's existing 60/12kV Industrial

Substation. The estimated completion date is 2024. The cost to Lodi is currently estimated to be approximately \$30 million, which Lodi expects to be funded by electric system revenue debt financing. The project is anticipated to realize a cost savings of approximately \$4.5 million annually by eliminating the low voltage transmission access charge.

Indebtedness; Joint Powers Agency Obligations

As of September 1 2019, Lodi had outstanding \$39.9 million principal amount of obligations payable from net revenues of Lodi's electric utility system. These obligations are subordinate to the payments required to be made with respect to the Lodi's obligations to NCPA and TANC described below. In addition, Lodi has an outstanding loan with F&M Bank in the amount of \$886,688 associated with an LED Streetlight Improvement Project. The annual loan payments will be paid from the Greenhouse Gas Free Allowance proceeds. Lodi has no variable rate or auction rate direct debt.

As previously discussed, Lodi participates in certain joint powers agencies, including NCPA and TANC, which have issued indebtedness to finance the costs of certain projects on behalf of the respective project participants. Obligations of Lodi under its agreements with respect to TANC and NCPA constitute operating expenses of Lodi. Such agreements are on a "take-or-pay" basis, which requires payments to be made whether or not projects are completed or operable, or whether output from such projects is suspended, interrupted or terminated. Certain of these agreements contain "step up" provisions obligating Lodi to pay a share of the obligations of a defaulting participant. Lodi's participation and share of debt service obligation (without giving effect to any "step up" provisions) for each of such joint powers agency projects in which it participates are shown in the following table.

**CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
OUTSTANDING DEBT OF JOINT POWERS AGENCIES
(Dollar Amounts in Millions)
(As of September 1, 2019)**

	Outstanding Debt⁽¹⁾	Lodi's Participation⁽²⁾	Lodi's Share of Outstanding Debt⁽¹⁾
NCPA			
Geothermal Project Three	\$ 20.1	10.28%	\$ 2.1
Hydroelectric Project	265.7	10.37 ⁽³⁾	27.6 ⁽³⁾
Capital Facilities Project	25.5	39.50	10.1
Lodi Energy Center, Issue One	220.9	17.03	37.6
TANC			
South of Tesla	2.6	2.07 ⁽⁴⁾	0.1 ⁽⁴⁾
TOTAL	\$534.8		\$77.5

⁽¹⁾ Source: NCPA. Outstanding debt does not include unamortized premium/discount.

⁽²⁾ Participation obligation is subject to increase upon default of another participant. Such increase shall not exceed, without the written consent of a non-defaulting participant, an accumulated maximum of 25% of such non-defaulting participant's original participation.

⁽³⁾ Lodi's actual payments represent approximately 10.64% of outstanding debt service as a result of credit to non-participating members with respect to portion of debt obligation.

⁽⁴⁾ Obligation shown represents portion of TANC COTP debt allocated to Tesla-Midway Transmission Service. Excludes Lodi's 1.92% participation share of TANC COTP entitlement which has been assigned to other TANC members. Lodi remains contractually obligated for its share to the extent not paid by the assignees. See "– Joint Powers Agency Resources – TANC California-Oregon Transmission Project."

Lodi estimates its payment obligations for debt service on its joint powers agency debt obligations aggregated approximately \$9.5 million for the fiscal year ended June 30, 2019 and aggregate approximately \$9.18 million for the fiscal year ending June 30, 2020. It should be noted that these amounts do not include any COTP amount as Lodi's share of the debt was laid off effective July 1, 2014. A portion of the joint powers agency debt obligations are variable rate debt, liquidity support for which is provided through liquidity arrangements with banks. Unreimbursed draws under liquidity arrangements supporting joint powers agency variable rate debt obligations bear interest at a maximum rate substantially in excess of the current interest rates on such obligations. Moreover, in certain circumstances, the failure to reimburse draws on the liquidity agreements may result in the acceleration of scheduled payment of the principal of such variable rate joint powers agency obligations. In connection with certain of such joint power agency obligations, the respective joint powers agency has entered into interest rate swap agreements relating thereto for the purposes of substantially fixing the interest cost with respect thereto. There is no guarantee that the floating rate payable to the respective joint powers agency pursuant to each of the interest rate swap agreements relating thereto will match the variable interest rate on the associated variable rate joint powers agency debt obligations to which the respective interest rate swap agreement relates at all times or at any time. Under certain circumstances, the swap providers may be obligated to make payments to the applicable joint powers agency under their respective interest rate swap agreement that is less than the interest due on the associated variable rate joint powers agency debt obligations to which such interest rate swap agreement relates. In such event, such insufficiency will be payable as a debt service obligation from the obligated joint powers agency members (a corresponding amount of which proportionate to its debt service obligations to such joint powers agency could be due from Lodi). In addition, under certain circumstances, each of the swap agreements is subject to early termination, in which event the joint powers agency could be obligated to make a substantial payment to the applicable swap provider (a corresponding amount of which proportionate to its debt service obligations to such joint powers agency could be due from Lodi).

Employees

Labor Relations. As of July 1, 2019, 51 full-time City of Lodi positions were authorized specifically to the electric utility department. Contract/temporary employees are hired as necessary. Substantially all of the non-management Lodi personnel assigned to the electric utility department are represented by the International Brotherhood of Electrical Workers, Union 1245 ("IBEW"). The City's current contract with IBEW will expire on December 31, 2021.

Pension Plans. Retirement benefits to City of Lodi employees, including those assigned to the electric utility department, are provided through the City of Lodi's participation in the California Public Employees Retirement System ("CalPERS"), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95814.

Lodi's defined benefit pension plans, the Miscellaneous Plan and the Safety Plan of the Lodi, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries for all Lodi employees. Benefit provisions under the plans are established by State statute and local government resolution. No employees assigned to electric utility department participate in the Safety Plan.

Active Miscellaneous Plan members hired prior to January 1, 2013 are required to contribute 7.00% of their annual covered salary and those hired on or after January 1, 2013 are required to contribute 6.75% of their annual covered salary. Lodi's employer contribution rate is determined annually by the actuary effective on the July 1 following notice of a change in rate. Funding contribution amounts are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated

amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Lodi is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. In early 2019, the City finalized a contract amendment with CalPERS for all bargaining units except IBEW. For Miscellaneous Plan members, all non-IBEW employees are contributing between 1% and 3% of salary towards the City's employer cost. As part of the recently approved contract between IBEW and the City, IBEW will begin to contribute 2% of salary towards the City's employer cost as part of the cost sharing agreement already in place. The 2% contribution will be implemented on a tier basis with 1% cost sharing starting July 2020 and 1% in January 2021. The contribution requirements of the plan members are established by State statute and the employer contribution rates are established, and may be amended, by CalPERS.

California Assembly Bill 340, the Public Employee's Pension Reform Act ("PEPRA"), implemented new benefit formulas and final compensation periods, as well as new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of a new member under PEPRA. As of January 31, 2019, there are 13 PEPRA members in the electric utility and 32 classic members. As more PEPRA members are hired in the future, the annual normal cost of the pension plan should be reduced. Because the unfunded accrued liability of the plan is tied to current shortfalls in the pension system it is not directly impacted by the hiring of PEPRA members.

The table below sets forth Lodi's electric utility department's allocated share of Lodi's required contributions to the Miscellaneous Plan for the past four fiscal years and the amount budgeted for its allocated share of the Lodi's estimated required contributions to such plans for the current fiscal year.

City of Lodi Miscellaneous Plan			
Fiscal Year Ended June 30	Electric Utility Department Allocated Share	Total City Required Contribution Amount	Contributions as a % of Covered Payroll
2016	\$ 834,026	\$3,500,179	20.09%
2017	958,028	3,880,495	21.80
2018	1,097,633	3,950,727	21.98
2019	1,281,978	5,060,143	26.50
2020 ⁽¹⁾	1,512,010	5,946,025	29.54

⁽¹⁾ Fiscal year 2019-20 figures are budgeted numbers.

Source: City of Lodi.

Lodi's required contributions to CalPERS fluctuate each year and, as noted, include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase Lodi's required contributions to CalPERS in future years. Accordingly, Lodi cannot provide any assurances that Lodi's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. The assumptions used to determine the actuarial accrued liabilities may be found in Lodi's most recent audited financial statements which are available on Lodi's website at <http://www.lodi.gov>.

On December 21, 2016, the CalPERS Board of Administration voted to lower the pension plan's assumed rate of return for purposes of its actuarial valuations from 7.5% to 7.0% by 2020 (which reduction has been phased in over the period from fiscal year 2017-18 to 2019-20). The impact of each reduction in

the rate of return will be phased in over five years, with the full impact realized in the 2024-25 fiscal year. CalPERS has estimated that with a reduction in the rate of return to 7.0%, most employers could expect a 1% to 3% increase in the percentage of payroll contribution for the normal cost for miscellaneous plans. In addition, CalPERS has estimated that employers could expect gradual increases in their unfunded accrued liability payment, reaching an approximate increase in such payment (relative to the unfunded accrued liability payments projected in the June 30, 2015 valuation report) of 30% to 40% by fiscal year 2024-25 for miscellaneous plans. As a result, required contributions of employers, including Lodi, toward unfunded accrued liabilities, and as a percentage of payroll for normal costs, are expected to increase.

The City of Lodi anticipates total pension costs approximately doubling as compared to fiscal year 2017-18 during this time. To address the issue, the City has adopted a Pension Stabilization Policy (“PSP”) and created a Pension Stabilization Fund (“PSF”). As of June 30, 2019, \$13,937,524.14 was set aside in the PSF, an Internal Revenue Service Section 115(c) trust fund established for the purposes of paying future pension liabilities. The PSP requires 100% of General Fund reserves in excess of the 16% General Fund reserve target be deposited into the PSF, and all other funds invest a proportional share based on the budgeted pension obligations in that fiscal year. Based on this policy, it is expected that an additional \$2,160,715 will be invested in the PSF before the end of the fiscal year ending June 30, 2020. The PSP remains in effect until the funded status of the Lodi’s two pension plans for Miscellaneous and Safety employees are at a combined 80% funded status when considering the Market Value of Assets at CalPERS and in the PSF. As of the June 30, 2018 actuarial report (the most recent available report), the funded status for the Miscellaneous Plan was 69%, the funded status for the Safety plan was 58.6% and the funded status for the combined plans was 63.8%. As of December 31, 2018, the combined funded status when considering the PSF assets increases to 66.5%. Based on fiscal year ending June 30, 2019 combined normal cost and UAL pension payments, the electric utility is responsible for approximately 11.2% of the total pension liability for the Lodi.

Effective for the fiscal year ended June 30, 2015, Lodi adopted Governmental Accounting Standards Board (“GASB”) Statement No. 68 (“GASB No. 68”), affecting the reporting of pension liabilities for accounting purposes. Under GASB 68, Lodi is required to report the Net Pension Liability (*i.e.*, the difference between the Total Pension Liability and the Pension Plan’s Net Position or market value of assets) in its financial statements.

The table below summarizes certain information relating to the Net Pension Liability of the Miscellaneous Plan as of June 30, 2014 through June 30, 2018, as reported in Lodi’s audited financial statements. The electric utility department’s allocable share of Lodi’s net pension liability was not separately determined.

City of Lodi Miscellaneous Plan			
Measurement Date ⁽¹⁾ (June 30)	Net Pension Liability	Net Position as a % of Total Pension Liability	Net Pension Liability as a % of Covered Payroll
2014	\$37,725,601	77.16%	226.32%
2015	40,723,811	75.59	245.73
2016	50,998,449	70.65	292.64
2017	58,225,070	69.44	324.01
2018	58,379,934	70.37	307.33

⁽¹⁾ Measured using prior fiscal year annual actuarial valuation rolled forward to measurement date using standard update procedures.

Source: City of Lodi.

As of the June 30, 2018 measurement date, the total pension liability for the Miscellaneous Plan for the City of Lodi was \$197,038,896 and the plan fiduciary net position was \$138,658,962, resulting in a city-wide Miscellaneous Plan net pension liability of \$58,379,934. In the June 30, 2017 actuarial valuation utilized for measuring the pension liability as of the June 30, 2018 measurement date, the Entry Age Normal Actuarial Cost Method was used. The actuarial valuation assumptions used for determining pension liabilities included (a) a 7.5% investment rate of return (net of pension plan investment expenses); (b) an inflation rate of 2.75% per year; and (c) a discount rate of 7.15%.

Retiree Health Benefits. Lodi also provides medical benefits to eligible city employees, including those assigned to Lodi's electric utility department, who retire from Lodi, through the City of Lodi Other Post Employment Benefit Plan (the "OPEB Plan"), through the CalPERS healthcare programs. Lodi's electric utility department only has miscellaneous employees participating in Lodi's plan.

Lodi contributes the minimum provided under California Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. In general, retirees must contribute any premium amount in excess of Lodi's contribution. However, a closed group of certain active employees and retirees receive additional postemployment benefits. Certain employees hired prior to certain dates (depending on the employee bargaining unit) not later than December 6, 1995 are allowed to convert their accumulated sick leave into postemployment medical benefits as long as they have 10 or more years of service with Lodi.

Lodi's contributions to the OPEB Plan are generally based on pay-as-you-go financing. In fiscal year 2016-17, the Lodi City Council authorized the City Manager to deposit an additional \$1,000,000 with CalPERS in an OPEB trust fund to pre-fund future benefit payments (the "OPEB Trust Fund").

For fiscal years prior to fiscal year 2017-18, Lodi's reported annual OPEB cost (expense) was calculated based upon the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a closed period not to exceed 30 years. Except as noted above in fiscal year 2016-17, contributions to the OPEB Plan have been made on a pay-as-you-go basis and Lodi did not pre-fund any portion of the plan.

The table below sets forth certain information regarding Lodi's annual OPEB cost and the approximate portion of such amount funded by the electric utility department, the percentage of annual OPEB cost contributed and Lodi's Net OPEB obligation for the three fiscal years 2014-15 through 2016-2017.

City of Lodi OPEB Plan				
Fiscal Year Ended June 30	Annual OPEB Cost	Amount Funded by Electric Utility	% of Annual OPEB Cost Contributed⁽¹⁾	Net OPEB Obligation
2015	\$1,276,201	\$134,344	54.83%	\$5,343,727
2016	3,024,169	184,903	26.70	7,560,300
2017	3,150,716	219,010	56.24 ⁽¹⁾	8,939,061

⁽¹⁾ As noted above, in fiscal year 2016-17 Lodi made an additional \$1,000,000 contribution to the OPEB Trust Fund.
Source: City of Lodi.

Effective beginning in fiscal year 2017-18, Lodi follows the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75") affecting the reporting of OPEB liabilities for accounting purposes. GASB No. 75 replaces the requirements of GASB Statement No. 45. GASB No. 75 establishes standards for employers with other postemployment liabilities for recognizing and measuring net OPEB liabilities, along with deferred inflows

and outflows of resources, and expenses/expenditures related to the other postemployment liability. GASB No. 75 does not establish requirements for funding.

The table below sets forth certain information regarding the electric utility department's allocated share of Lodi's OPEB contributions the fiscal years 2017-18 and 2018-19. The amount budgeted for Lodi electric utility department's share of OPEB Plan contributions for fiscal year 2019-20 is \$234,880.

City of Lodi OPEB Plan		
Fiscal Year Ended June 30	OPEB Contribution	Electric Utility Allocated Share of City Contribution
2018	\$1,810,506	\$261,630
2019	1,862,969	259,590

Source: City of Lodi.

Pursuant to GASB No. 75, for the fiscal year ended June 30, 2019, Lodi reported a net OPEB liability of \$33,422,021 (reflecting a total OPEB liability of \$34,566,187 and a fiduciary net position of \$1,144,166 for the OPEB Plan). The net OPEB liability as a percentage of covered-employee payroll was 100.7%. The OPEB Plan Net Position as a percentage of Lodi's total OPEB liability was 3.3%. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by a June 30, 2018 actuarial valuation, based on actuarial methods and assumptions. The actuarial assumptions include: (a) a 6.73% investment rate of return; (b) payroll growth of 3.00%; (c) a 2.75% inflation rate; (d) an annual health care cost trend rate of 6.8% initially, reducing in decrements to 4.40%; and (e) a discount rate of 3.66%.

Additional information regarding the City of Lodi's retirement plans and other post-employment benefits can be found in the City's comprehensive annual financial reports, which may be obtained at <http://www.lodi.gov>.

Insurance

Lodi's boiler and machinery operations (including those parts of the electric system) are insured by the Alliant Property Insurance Program (APIP) which is a group purchase property program through the Lloyd's of London marketplace and Hallmark Financial Services for up to \$100 million in coverage. Lodi (including the electric system), is self-insured for general liability losses for up to \$500,000 and has pooled excess coverage through the California Joint Powers Risk Management Authority for up to \$40 million per occurrence. Lodi (including the electric system) is self-insured for workers' compensation losses for up to \$250,000 and has excess coverage through the Local Agency Workers' Compensation Excess Joint Powers Authority for statutory coverage.

Litigation

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining Lodi in the execution or delivery or performance of, or in any way contesting or affecting the validity of any proceedings of Lodi taken with respect to, the Unit One Member Agreement.

There is no litigation pending, or to the knowledge of Lodi, threatened, questioning the existence of Lodi, or the title of the officers of Lodi to their respective offices. There is no litigation pending, or to the knowledge of Lodi, threatened, questioning or affecting in any material respect the financial condition of Lodi's electric system.

Present lawsuits and other claims against Lodi's electric system are incidental to the ordinary course of operations of the electric system and are largely covered by Lodi's self-insurance program. In the opinion of Lodi's management and the Lodi City Attorney, such claims and litigation will not have a materially adverse effect upon the financial position of Lodi.

Lodi's Operations Since Industry Restructuring

Since the deregulation of the California energy markets, Lodi has implemented revenue enhancements, cost containment measures and changes in operating procedures to help mitigate financial risks associated with changes in market power costs. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings" in the front part of this Official Statement. These actions include:

- **Energy Cost Recovery.** Implemented an ECA for all customers. This rate action guarantees coverage of bulk power purchase costs. See "– Rates and Charges" above.
- **Risk Management Program.** Lodi established an Energy Risk Management Policy, most recently updated in September 2018. Consistent with the policy Lodi has established guidelines which provide a time and price triggered tier approach to closing open positions as long as five years into the future. The table below illustrates this approach:

Month	Covered Position As % of Forecasted Load					
0 designates current month	>60 th	60 th	50 th -Median	25 th	10 th	<10 th
1-3	80-90%	85-95%	95%	95%	95%	100%
3+	80-90%	85-95%	85-95%	95%	95%	100%
6+	70-80%	75-85%	80-90%	85-95%	95%	100%
9+	60-70%	65-75%	70-80%	75-85%	85-95%	90%
12+ months	60-70%	65-75%	70-80%	75-85%	85-95%	90%

The above guidelines were updated in 2019 to expand hedging efforts when forecasted prices are historically low to mitigate future price risk/volatility.

The Energy Risk Management Policy applies to all aspects of Lodi's wholesale procurement and sales activities, long-term contracting associated with energy supplies, and associated financing related to generation, transmission, transportation, storage, Renewable Energy Credits (RECs), Greenhouse Gas (GHG) offsets, Resource Adequacy (RA) capacity, ancillary services and participation in Joint Powers Agencies (JPAs).

Significant Accounting Policies

Lodi's most recent CAFR for the fiscal year ended June 30, 2018 was audited by The Pun Group, Walnut Creek, California, in accordance with generally accepted auditing standards, and contains opinions that the financial statements present fairly the financial position of the various funds maintained by Lodi. The reports include certain notes to the financial statements which may not be fully described below. Such notes constitute an integral part of the audited financial statements. Copies of these reports are available on request from the City of Lodi, Finance Department, 310 West Elm Street, Lodi, California 95240 or at <http://www.lodi.gov>. Governmental accounting systems are organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and

changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The electric system is accounted for as an enterprise fund. Enterprise funds are used to account for operations (i) that are financed and operated in a manner similar to private business enterprises (where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges) or (ii) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The accounting policies of Lodi conform to generally accepted accounting principles (GAAP) as applicable to governments.

Condensed Operating Results and Selected Balance Sheet Information

The following table sets forth summaries of operating results and selected balance sheet information of Lodi's electric utility for the five fiscal years 2014-15 through 2018-19. The information for the fiscal years ended June 30, 2015 through June 30, 2018 was prepared by Lodi on the basis of its audited financial statements for such years. However, the figures shown are calculated in accordance with the documents pursuant to which Lodi's outstanding electric system revenue obligations were issued, which may or may not be on the same basis as GAAP, and as such, do not match the line item designations in Lodi's audited financial statements. The information for the fiscal year ended June 30, 2019 was prepared from Lodi's preliminary, unaudited results for Fiscal Year 2018-19.

[Remainder of page intentionally left blank.]

CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
SUMMARY OF OPERATING RESULTS AND SELECTED
BALANCE SHEET INFORMATION⁽¹⁾
(\$ in 000s)

	Fiscal Year ended June 30,				Preliminary
	2015	2016	2017	2018	2019
OPERATING REVENUES:					
Rate Revenue	\$63,370	\$65,265	\$64,114	\$65,054	\$63,776
ECA Revenue	1,867	2,242	1,734	4,192	4,186
Other Revenue	1,895	2,933	1,967	3,475	4,155
Total Operating Revenues	67,132	70,440	67,815	72,721	72,117
OPERATING EXPENSES:					
Purchased Power ⁽²⁾	38,512	37,788	35,650	39,519	37,043
Non-Power Costs ⁽³⁾	13,604	13,417	16,609	16,422	14,289
Total Operating Expenses	52,116	51,205	52,259	55,941	51,332
NET REVENUE AVAILABLE FOR DEBT SERVICE:	15,016	19,235	15,556	16,780	20,785
Debt Service – 2018 Bonds	--	--	--	--	1,497 ⁽⁵⁾
Debt Service – 2008 A Bonds	8,318	8,289	5,288	5,298	0
Remaining After Debt Service	6,698	10,946	10,268	11,482	19,288
OTHER REVENUES (EXPENSES):					
Greenhouse gas allowance	2,323	1,571	2,370	559	94
Impact Fees	--	--	--	138	245
PERS Stabilization Contribution	--	--	--	(603)	(204)
Payments in Lieu of Taxes ⁽⁴⁾	(7,033)	(7,082)	(7,131)	(7,159)	(7,197)
Net Cash Flow Before Capital Expenditure	\$ 1,988	\$ 5,435	\$ 5,507	\$ 4,417	\$ 12,226
SELECTED BALANCE SHEET INFORMATION:					
Net Plant in Service	\$ 8,585	\$ 8,271	\$ 7,957	\$ 7,808	\$ 7,495
Land and Construction Work in Progress	\$ 764	\$ 764	\$ 764	\$ 764	\$ 764
Long-Term Debt	\$66,303	\$61,084	\$58,669	\$48,291	\$48,291
Debt Service Coverage Ratio ⁽¹⁾	1.81	2.32	2.94	3.17	13.88 ⁽⁵⁾

(1) Figures shown are calculated in accordance with the documents pursuant to which Lodi's outstanding electric system revenue obligations were issued, which may or may not be on the same basis as GAAP. See "– Indebtedness; Joint Powers Agency Obligations."

(2) Purchased Power includes joint powers agency payment obligations.

(3) Non-power costs include costs of services provided by other departments and does not include depreciation or amortization expense.

(4) Payments in-lieu of taxes are made by the Electric System to the City's general fund. The City's in-lieu payment is based upon a base transfer amount established by the City Council in 2007 adjusted annually by the number of electric customers served.

(5) Debt service was reduced in fiscal year 2018-19 as a result of the refunding of outstanding electric system obligations effected by the referenced 2018 Bonds. Scheduled debt on Lodi's currently outstanding direct electric system obligations is approximately \$3.7 million service in fiscal year 2019-20 and approximately \$4.0 million annually thereafter.

Source: City of Lodi.

CITY OF ROSEVILLE

Introduction

The City of Roseville (“Roseville” or the “City”) is a charter city in the State of California. Roseville is located in Placer County, in California’s Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. Roseville, with a population estimated to be approximately 139,643 at January 1, 2019, is the largest city in Placer County, as well as the residential and industrial center of the County.

Roseville, through its electric system (the “Electric System”), has been providing electrical power to its residents, businesses, and Roseville’s street and traffic lighting systems since 1912. In 1956, Roseville entered into a contract with the Federal Bureau of Reclamation for 54 megawatts (“MW”) (a megawatt equals 1 million watts) of electric capacity from the Central Valley Project (the “CVP”), which consists of a system of dams, reservoirs and hydroelectric power plants within central and northern California (the contract is currently administered through the Western Area Power Administration (“Western”). In the early 1970s, Roseville’s demand for electricity exceeded the Western resource allocation. To help meet this additional need, in 1968 Roseville became a charter member in NCPA. Roseville participates in several resources developed by NCPA, including its geothermal, steam-injected gas turbine (including the Project), and hydroelectric projects. In October of 2007, Roseville completed construction of a 160 MW natural gas-fired combined cycle power plant (the “Roseville Energy Park” or “REP”). REP was built as a reliable, economic alternative to bulk power purchases. REP has a base operating capacity of 120 MW with the ability to peak-fire up to 160 MW. On September 1, 2010, Roseville completed the purchase from NCPA, and assumed full title and ownership, of two of the five 24 MW simple cycle combustion turbines originally part of the NCPA Combustion Turbine Project Number One (for a total of 48 MW of capacity), which are connected to the Roseville electric distribution system (and now referred to as “Roseville Power Plant 2” or “RPP2”) to meet reserve and capacity requirements.

Roseville’s Electric System is under the supervision of the Roseville City Council. A seven-member Roseville Public Utilities Commission serves as an advisory board to the City Council on matters relating to all utilities owned and operated by the City. The City Council appoints all seven members of the Roseville Public Utilities Commission. The Electric Utility Director oversees operations of the electric utility and reports to the City Manager.

Only the revenues of the Roseville Electric System will be available to pay amounts owed by Roseville under the Unit One Member Agreement.

The Roseville electric department’s main office is located at 2090 Hilltop Circle, Roseville, California 95747, (916) 797-6937. For more information about Roseville and its Electric System, contact Michelle Bertolino, Electric Utility Director, at the above address and telephone number. A copy of the most recent comprehensive annual financial report of the City of Roseville (the “Annual Report”) is available on Roseville’s website at <https://www.roseville.ca.us/> and on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system at <http://emma.msrb.org/>. The Annual Report is incorporated herein by this reference. However, the information presented on such website or referenced therein other than the Annual Report is not part of this Official Statement and is not incorporated by reference herein.

Service Area, Customer Base and Demand

Service Area. The Roseville Electric System serves an area of approximately 43 square miles, virtually coterminous with the City’s borders. As of June 30, 2019, the Electric System served an estimated 60,752 customers.

Customer Base. In Fiscal Years 2014-15 through 2018-19, the Electric System's customer base increased by over 1.8% per year. Anticipated residential growth includes over 22,065 new residences associated with approved projects upon build-out of current and developing specific plans. Recent commercial growth includes a McKesson Medical-Surgical distribution center and health care industry expansions for Kaiser Permanente and Adventist Health.

Shown below is certain population data for the City of Roseville, the County of Placer and the State of California:

**CITY OF ROSEVILLE, COUNTY OF PLACER,
STATE OF CALIFORNIA POPULATION
(1970-2010 as of April 1; 2011-2019 as of January 1)**

	<u>City of Roseville</u>	<u>County of Placer</u>	<u>State of California</u>
1970	18,221	77,632	19,971,069
1980	24,347	117,247	23,667,764
1990	44,685	172,796	29,760,021
2000	79,921	248,399	33,871,653
2010	118,788	348,432	37,253,956
2011	121,351	354,359	37,594,781
2012	123,757	359,790	37,971,427
2013	126,068	363,618	38,321,459
2014	127,873	368,141	38,622,301
2015	129,120	371,326	38,952,462
2016	132,000	376,443	39,214,803
2017	134,110	383,719	39,504,609
2018	136,260	389,480	39,740,508
2019	139,643	396,691	39,927,315

Source: 1970-2010, as of April 1, based on historical U.S. Census population data compiled by the California State Department of Finance. 2011-2019, as of January 1, State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, with 2010 Census Benchmark. Sacramento, California, May 2019.

The largest employers in Roseville as of June 30, 2019 are set forth in the table on the following page:

[Remainder of page intentionally left blank.]

**CITY OF ROSEVILLE
LARGEST EMPLOYERS**

Employer	Business	Number of Employees
Kaiser Permanente	Health Care	5,200
Sutter Roseville Medical Center	Health Care	2,202
City of Roseville	Government	1,896
Roseville Joint Union High School District	Education	1,626
Adventist Health	Health Care	1,320
Union Pacific Railroad	Railroad	1,150
Roseville City School District	Education	1,133
PRIDE Industries	Employment Service	1,062
Wal-Mart	Retail	625
Consolidated Communications	Cable Television	320

Source: City of Roseville.

Historical Customers Sales and Peak Demand. The average number of customers, electricity sales measured in megawatt hours (“MWh”) and in revenues, and peak demand during the past five Fiscal Years, is listed below.

**CITY OF ROSEVILLE
ELECTRIC SYSTEM
CUSTOMERS, SALES, REVENUES AND PEAK DEMAND⁽¹⁾**

	2015	2016	2017	2018	2019
Number of Customers: ⁽²⁾					
Residential	49,851	50,784	51,638	52,789	53,868
Commercial	6,673	6,700	6,759	6,812	6,884
Total	56,524	57,484	58,397	59,601	60,752
MWh Sales					
Residential	428,824	439,495	439,598	454,795	441,823
Commercial	748,913	750,482	737,843	728,497	705,575
Total MWh Sales	1,177,737	1,189,977	1,177,441	1,183,292	1,147,398
Revenues (\$ in 000s):					
Residential	\$ 67,660	\$ 68,853	\$ 68,543	\$ 70,803	\$ 69,551
Commercial	96,028	95,078	93,011	91,495	89,727
Total Revenues from Sale of Energy	\$163,688	\$163,930	\$161,554	\$162,298	\$159,278
Peak Demand (MW)	340	331	355	354	340

⁽¹⁾ Revenues listed are as billed. For realized revenues, see the table under “Historical Revenues, Expenses and Debt Service Coverage” below.

⁽²⁾ Customer counts reported as fiscal year average annual values.

Note: Totals may not add due to rounding.

Source: City of Roseville.

Ten Largest Customers

As of June 30, 2019, the ten largest customers of Roseville’s Electric System by usage accounted for an estimated 24% of total kWh sales and 19% of total Electric System revenues. The largest customer accounted for an estimated 9% of total kWh sales and 6% of total Electric System revenues. The smallest of the ten largest customers accounted for an estimated 0.7% of total kWh sales and 0.5% of total Electric System revenues.

Sources of Power Supply

General

Roseville has a diverse portfolio of resources that includes large hydroelectric, geothermal, natural gas, system power contracts, and additional contracts for renewable energy. In addition, Roseville purchases its incremental needs through open market purchases. Roseville owns and operates the Roseville Energy Park and the two units constructed under NCPA Combustion Turbine Project Number One (subsequently renamed Roseville Power Plant 2) connected to the Roseville electric distribution system. Roseville has a long-term contract with Western for a share of the CVP net generation and entitlements to the output of several NCPA projects, including the Project.

The table on the following page provides an estimated summary of Roseville's sources of power supply for Fiscal Year 2018-19.

CITY OF ROSEVILLE ELECTRIC SYSTEM SOURCES OF POWER SUPPLY Fiscal Year 2018-19

Source	Type	Capacity Available (MW) ⁽¹⁾	Actual Energy (GWh) ⁽²⁾	% of Total
Generation:				34%
Roseville Energy Park	Natural Gas	155	403	
Roseville Power Plant 2	Natural Gas	48	3	
Purchased Power:				
Western	Hydro	67	162	14
NCPA				
Geothermal Project	Geothermal	8	60	5
Hydroelectric Project	Hydro	30	107	9
Steam Injected Gas Turbine ⁽³⁾	Natural Gas	18	5	
Market Purchases:				
Renewable Purchases	Various	32	269	22
Non-Renewable Purchases	Various	75	186	16
TOTAL *		433	1,195	100%
Peak Demand (MW)		340		
Capacity Reserve Percent ⁽⁴⁾		22%		

(1) Capacity in MW and available for system peak (July 25, 2018).

(2) One gigawatt hour (GWh) equals 1 million kilowatt hours (kWh).

(3) Referred to as Unit One or the Project in the front part of this Official Statement. See "THE PROJECT" in the front part of this Official Statement.

(4) Capacity includes resources and contracts for long-term and seasonable purchases. Capacity reserve planning target is 15% of the forecasted peak. Actual peak exceeded forecasted peak (335 MW).

* Numbers may not total due to rounding.

Source: City of Roseville

Roseville Energy Park

Roseville Energy Park (“REP”), is a 120 MW base load combined cycle, natural gas fueled power plant with duct firing capability up to 160 MW. The REP is located in the City of Roseville and is directly connected to Roseville’s distribution system. REP is comprised of two Siemens SGT 800 combustion turbine units and a Siemens STG 900 steam turbine. The plant has been in commercial operation since October 2007 and is owned and operated by Roseville.

Roseville Power Plant 2

The Roseville Power Plant 2 consists of two 24 MW simple cycle combustion turbines (“CT1” and “CT2”), for a total of 48 MW of capacity. These units were previously part of the NCPA Combustion Turbine Project Number One in which Roseville was a participant. See “OTHER NCPA PROJECTS” in the front part of this Official Statement. On September 1, 2010, Roseville took ownership of the two units which provide peaking capacity and reserves for Roseville.

Western Area Power Administration

Roseville has various long-term contracts with Western that provide energy, interconnection, and transmission services. Roseville has a 4.85333% share of the net output of the CVP, which provides varying amounts of capacity and energy depending upon hydrologic conditions. The output is reduced by Western’s project use, first preference customer allocations, environmental, and control area obligations. Roseville is directly connected to Western’s transmission system and acquires reserves under contract that include regulation and frequency response and operational reserves. The term of the power supply contract extends through December 31, 2024. Western began its new marketing plan process whereby Roseville has the opportunity to evaluate the potential additional acquisition or surrender of base resource power from the CVP. Western has indicated it anticipates new 30-year contracts are to be executed by customers choosing to do so in Spring 2020 with an effective date of January 1, 2025.

Joint Powers Agency Resources

NCPA. In addition to generating and purchasing power from other sources, Roseville is a participant in a number of NCPA projects. Roseville has a 36.50% entitlement share in the Combustion Turbine Project Number Two (referred to as Unit One or the Project in this Official Statement), a 12.00% entitlement share in the NCPA Hydroelectric Project and a 7.88% entitlement share in the NCPA Geothermal Project. For a description of such resources, see “THE PROJECT” and “OTHER NCPA PROJECTS” in the front part of this Official Statement. For each of these generation projects in which Roseville participates, Roseville is obligated to pay on an unconditional take-or-pay basis, as an operating expense of its electric system, its entitlement share of the debt service on NCPA bonds issued for the project as well as its share of the operation and maintenance expenses of the project. See also “– Indebtedness; Joint Powers Agency Obligations” below.

In order to meet certain obligations required of NCPA to secure transmission and other support services for the NCPA Geothermal Project, NCPA and its transmission project participants (including Roseville) undertook the “Geysers Transmission Project,” which includes (a) an ownership interest in PG&E’s 230 kilovolt (“kV;” 1 kilovolt equals 1,000 volts) line from Castle Rock Junction in Sonoma County to the Lakeville Substation, (b) additional firm transmission rights in this line, and (c) a Central Dispatch Center (see “Dispatch and Scheduling” below). Roseville is entitled to a 14.18% share of the Geysers Transmission Project transfer capability, and is responsible for 14.18% of the costs of such project. For a description of the Geysers Transmission Project, see “OTHER NCPA PROJECTS” in the front part of this Official Statement. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy” in the front part of this Official Statement.

Renewable Purchases

With the passage of California Senate Bill X1-2, the California Renewable Energy Resources Act (“SBX1-2”), California Senate Bill 350, the Clean Energy and Pollution Reduction Act of 2015 (“SB350”), and California Senate Bill 100, the 100 Percent Clean Energy Act of 2018 (“SB 100”), Roseville must comply with the State’s renewable energy targets to achieve renewable energy procurement of 33% by 2020, 50% by 2025, and 60% by 2030. Roseville has an additional incentive to enter into long-term contracts, as certain contracts at least ten years in duration have the ability to carry forward renewable energy credits to be used to meet future compliance periods. Starting in 2020, 65% of RPS procurement must be derived from long-term contracts of 10 or more years. Roseville satisfied the RPS target for Compliance Period 1 (from 2011 through 2013), with approximately 20% renewable energy procured, as well as Compliance Period 2 (from 2014 through 2016), with approximately 25% renewable energy procured. Currently in the Compliance Period 3 (2017-2020), Roseville has procured 25% of its energy supply from renewable resources for 2017-2018, and is on target to meet the 33% target by 2020. Further, Roseville’s RPS contracts are forecasted to fulfill compliance requirements under current law through 2024, including contracts with Silicon Valley Power, Powerex Corporation, Avangrid Renewables, Lost Hills Solar, Blackwell Solar, as well as grandfathered resources including geothermal and small hydroelectric projects. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings – *California Renewables Portfolio Standard*” in the front part of this Official Statement for more information on SBX1-2, SB 350 and SB 100.

Open Market Term Purchase and Sale Agreements

Roseville enters into various fixed-price purchase or sale contracts on the open market at various times to meet its power supply requirements and hedge its portfolio costs consistent with its risk management policies. Purchases include transactions to hedge natural gas and electricity, physically or financially, over various tenors authorized in Roseville’s Trading Authority Policy. Electricity and gas products are generally purchased or sold on a seasonal or annual basis, to comply with Roseville’s Energy Hedge Policy (described below). Roseville transacts through a competitive bid process with a number of counterparties in line with its Credit Risk Policy. See “– Power Supply Risk Management” below.

Future Power Supply Resources

In addition to the above supply sources, Roseville expects that it will obtain additional resources from market purchases or investment in generation facilities, either independently, through NCPA or through other agencies. In accordance with current State law, Roseville expects that future energy purchases will increasingly be made from renewable energy sources. See “– Energy Efficiency and Conservation” below. See also “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings” in the front part of this Official Statement.

Power Supply Risk Management

The Electric System’s risk management strategies and procedures are monitored by a risk oversight committee (“ROC”) established by Roseville. The ROC meets on a regular basis and includes two members of the City Council, two members of the Roseville Public Utilities Commission, the City Manager, the Assistant City Manager, the Chief Financial Officer, the City Attorney, and the Electric Utility Director. The ROC oversees Roseville’s risk management procedures relating to the Electric System and ensures that Electric System’s risk profile is within the parameters set forth in the risk management policies.

Roseville’s risk management activities for the Electric System are reviewed and monitored on a more regular basis by Roseville’s risk management committee (“RMC”). The RMC meets quarterly and is comprised of one delegate from the Finance Department, one delegate from the City Attorney’s office, the

Electric Utility Director, and three Assistant Electric Utility Directors. The RMC discusses risk mitigation strategies, impacts of various strategies on Roseville’s strategic goals for the Electric System and makes recommendations to the ROC, or City Council, as appropriate.

All energy purchases are made in accordance to Roseville’s energy risk policies. The Energy Hedge Policy is designed to reduce energy rate volatility and to maintain rates within reasonable tolerances. The Energy Hedge Policy establishes financial and volumetric hedge limits to mitigate market price exposure. Specifically, the policy requires the following fixed price energy contracts to be procured in advance on a rolling three-year horizon, as a percentage of overall energy supply forecast:

Rolling Year	Minimum Hedged Supply	Maximum Hedged Supply
1	90%	110%
2	70%	100%
3	45%	80%

The policy requires that Roseville purchase forward electric contracts and/or forward gas contracts to fulfill its long-term hedged supply requirement. In the event of decreases in expected sales levels, the policy may require that Roseville sell forward electric gas and/or electric contracts. Authorized electric and gas transactions are defined in Roseville’s Energy Trading Authority Policy, and executed within its Energy Credit Risk Policy. For the period January 1, 2018 through December 31, 2020, Roseville has fixed the price of approximately 4.8 million MMBtu of natural gas and over 1,250 GWh of electricity. These financial contracts are divided among Bonneville Power Administration, Conoco Philips, J Aron and Company, Macquarie Energy, United Energy Trading, Exelon, and Shell Energy.

Fuel Supply; Natural Gas Prepayment

Natural gas is the primary fuel of Roseville’s REP and RPP2. See “– Sources of Power Supply.” The REP at its optimal output can require delivery of up to 22,000 MMBtu of natural gas per day, with current average daily requirements of approximately 6,500 MMBtu. In early 2007, Roseville undertook a prepaid gas procurement arrangement through the Roseville Natural Gas Financing Authority, pursuant to which such Authority entered into a 20-year pre-paid natural gas supply contract with Merrill Lynch Commodities Inc. (“MLCI”) for the supply of natural gas to Roseville. The natural gas Roseville is obligated to purchase under the pre-paid gas supply agreement with the Roseville Natural Gas Financing Authority provides all of Roseville’s current gas requirements for the REP. The natural gas supply contract provides Roseville with seasonally adjusted fixed monthly quantities of gas at a discounted monthly index price. To hedge Roseville’s natural gas price exposure, Roseville forecasts its expected monthly natural gas requirements and enters into forward natural gas contracts consistent with its risk management policies as noted above.

The fuel supply for Roseville’s gas-fired generation facilities is delivered to Roseville through PG&E’s natural gas pipeline system. See “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – PG&E Bankruptcy” in the front part of this Official Statement.

Regional Transmission Facilities

Western Network Integrated Transmission Service Agreement (“NITS”). Roseville’s electric system interconnects with the transmission system of Western. The Western transmission system is part of the Balancing Authority of Northern California (“BANC”) balancing authority area and interconnects with the CAISO Controlled Grid. Roseville imports all of its requirements not met by the Roseville Energy Park and the Roseville Power Plant 2 over the Western transmission system. Roseville contracts for transmission service to meet its load under a NITS contract that expires on December 31, 2024. This contract provides

for imports of electricity from various delivery points to provide delivery into Roseville's electric system. Roseville pays a proportionate share of Western's cost for operating and maintaining the system, which is currently \$3.7 million per year. In 2020, Western and Roseville intend to begin negotiations on a new contract to be effective on January 1, 2025.

Balancing Authority of Northern California. BANC is a joint powers authority consisting of Roseville, the Sacramento Municipal Utility District ("SMUD"), the Modesto Irrigation District, the City of Redding, the Trinity Public Utility District, and the City of Shasta Lake. A balancing authority performs a balancing function in which customer usage and resources are matched on a moment-by-moment basis. In addition, a balancing authority operates the transmission system, monitoring power lines to ensure they are operated within the reliable limits of the system in addition to coordinating the operation with neighboring balancing authorities. SMUD acts as the balancing authority operator for BANC under contract. With a peak electricity demand of around 5,000 MW, BANC is the third largest balancing authority in California, serving approximately 763,000 retail customers, and includes more than 1,700 miles of high voltage transmission lines. Roseville represents approximately 7% of the total BANC member load.

On April 3, 2019, SMUD, the largest BANC member, began its participation in the CAISO Energy Imbalance Market ("EIM"), a real-time wholesale power trading market that operates in parts of eight western states, including Washington, Oregon, California, Nevada, Idaho, Wyoming, Utah, and Arizona. In addition to modest economic benefits, participation in the EIM is expected to increase BANC members' ability to integrate the renewable energy needed to meet California's environmental goals, provide additional sources of real-time supply to augment reliability resources, allow participants to demonstrate support for regional markets, and retain transaction access to a robust pool of resources.

Roseville has made the decision to participate in the EIM and is pursuing a participation agreement with BANC with the goal of entering EIM sometime in 2021.

California Independent System Operator Controlled Grid. The CAISO provides a market for Roseville to purchase its incremental energy needs, and in which to sell the output of its entitlements in NCPA's generating units, and contract purchases. Under current CAISO operating protocols, Roseville pays per MWh charges for uses of the transmission system for exports from CAISO.

TANC California-Oregon Transmission Project ("COTP"). Roseville is a member of the Transmission Agency of Northern California ("TANC") and has executed an agreement (the "TANC Agreement") for a participation percentage of TANC's entitlement of COTP transfer capability. Pursuant to the TANC Agreement, Roseville has a participation share of 2.313% of TANC's entitlement to transfer capability of the COTP (approximately 29.35 MW) and is responsible for 2.313% of TANC's COTP operating and maintenance expenses and 2.295% of TANC's aggregate debt service on a take-or-pay basis. Roseville's share of annual debt service continues to the year 2039 and is approximately \$850,000 per year. See also "CITY OF ALAMEDA – Transmission Resources – *TANC California-Oregon Transmission Project*" for a further description of the COTP and the TANC Agreement.

TANC Tesla-Midway Transmission Service. The southern physical terminus of the COTP is near PG&E's Tesla Substation in the San Francisco Bay Area. The COTP is connected to Western's Tracy and Olinda Substations. TANC has arranged for PG&E to provide TANC and its members with 300 MW of firm bi-directional transmission capacity in its transmission system between its Tesla Substation and the Midway Substation (the "Tesla-Midway Service") under an agreement known as the South of Tesla Principles. Roseville's share of the Tesla-Midway Transmission Service is 5 MW. This service has not proven valuable to the City and the City has laid off its rights to this services to other TANC members through 2024.

Roseville Distribution System

Roseville owns and operates the electrical distribution system serving retail customers within the City of Roseville boundaries. The distribution system is connected to the Western transmission system at two connection points, the 230-kV Berry Street Receiving Station and the 230-kV Fiddymont Station. The distribution system consists of over 145 miles of overhead lines, over 771 miles of underground lines, 58 fiber circuit miles, and 17 substations. Roseville performs continued maintenance on its distribution system to sustain service reliability.

Dispatch and Scheduling

Roseville contracts with ACES Power Marketing (“ACES”) to provide scheduling services and has discontinued its participation in the NCPA Power Pool. NCPA continues to dispatch the NCPA power plants to meet the schedules of energy delivery prepared and submitted by ACES on Roseville’s behalf. NCPA provides dispatch service from its Central Dispatch Center located at its headquarters in Roseville.

Energy Efficiency and Conservation

In 1996, California Assembly Bill 1890 (“AB 1890”), the California electric utility deregulation law, required the establishment of public benefit programs for investor-owned and public power utilities through 2001. In 2006, Assembly Bill 2021 further required power utilities to set yearly goals for the actual amount of energy efficiency savings (in kWh) to be procured. These requirements have been further codified as part of the California Public Utilities Code. The California Public Utilities Code does not set an expiration/sunset date on these requirements for public power utilities. Roseville funds these programs at a minimum of 2.85% of budgeted yearly revenues (approximately \$4.6 million in Fiscal Year 2019-20).

Roseville has developed a full portfolio of public benefits programs for the Electric System since 1996, addressing the following areas of concentration required by State law: energy efficiency programs, renewable energy production, demand reduction, advanced electric technology demonstration, research and development, and low income assistance programs. Residential and commercial energy efficiency offerings focus primarily on summer period consumption reduction and include programs for both existing facilities and new construction.

Under California Assembly Bill 2021, Roseville is required to develop ten-year plans for energy efficiency goals and report on these goals to the California Energy Commission (“CEC”) with updates every four years. The CEC has the obligation to develop energy efficiency goals for the entire State, after consultation with utilities and others. The Roseville Electric System participates in the State effort, and the Roseville City Council approved the ten-year energy efficiency goals most recently in March 2017.

California Senate Bill 1037, signed into law in September 2005, established several important policies regarding energy efficiency. Among the many provisions of the law is a Statewide commitment to cost-effective and feasible energy efficiency, with the expectation that all utilities consider energy efficiency before investing in any other resources to meet growing demand. Roseville is required to report annually to its customers and to the CEC, its investment in energy efficiency and demand reduction programs. Roseville continues its commitment to energy efficiency and is in compliance with these requirements.

For a more detailed discussion of certain California legislation in recent years relating to the electric energy market, see “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings” in the front part of this Official Statement.

Employees

General. As of June 30, 2019, 153 City of Roseville authorized positions were assigned specifically to the Electric System. Certain functions supporting the Electric System operations, including meter reading, customer billing, collections and accounting, are performed by the Finance Department of the City of Roseville.

Most of the non-management City personnel working at the Electric System are represented by the International Brotherhood of Electrical Workers (“IBEW”). The current IBEW contract will expire on April 30, 2022. There have been no strikes or other work stoppages at the City, including at the Electric System.

Pension Plans. Substantially all permanent Roseville employees, including those employees assigned to the Electric System, are eligible to participate in pension plans offered by the California Public Employees Retirement System (“CalPERS”), an agent multiple employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95814.

CalPERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. Employees of the Electric System participate in the CalPERS Miscellaneous Plan, and the Electric System pays a percentage of Roseville’s Miscellaneous Plan expenses based on the number of employees. Active Miscellaneous Plan members hired prior to January 1, 2013 are required to contribute 8.00% of their annual covered salary and those hired on or after January 1, 2013 are required to contribute 6.25% of their annual covered salary. The member contribution can be paid by the employee or by Roseville on the employee’s behalf in accordance with applicable labor agreements. The required member contributions are currently paid by the employees. Roseville’s employer contribution rate is determined annually by the actuary effective on the July 1 following notice of a change in rate. Funding contribution amounts are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Roseville is required to contribute the difference between the actuarially determined amount and the contribution rate of employees. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rates are established, and may be amended, by CalPERS.

The table below sets forth Electric System’s allocated share of Roseville’s required contributions to the Miscellaneous Plan for the past five Fiscal Years. The Electric System’s estimated allocated share of Roseville’s budgeted contributions to the Miscellaneous Plan for the Fiscal Year ending June 30, 2020 is \$5,718,113.

City of Roseville Miscellaneous Plan			
Fiscal Year	Electric System Allocated Share of Contributions	Total City Contribution Amount	Contributions as a % of Covered Payroll
2014-15	\$3,375,790	\$15,872,491	22.49%
2015-16	3,884,489	17,564,085	23.69
2016-17	4,699,119	19,896,723	26.54
2017-18	4,463,913	18,499,075	23.96
2018-19	4,919,633	20,601,494	23.88

Source: City of Roseville.

Roseville's required contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase Roseville's required contributions to CalPERS in future years. Accordingly, Roseville cannot provide any assurances that Roseville's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

On December 21, 2016, the CalPERS Board of Administration voted to lower the pension plan's assumed rate of return for purposes of its actuarial valuations from 7.5% to 7.0% by 2020 (which reduction has been phased in over the period from Fiscal Year 2017-18 to 2019-20). CalPERS estimated that with a reduction in the rate of return to 7.0%, most employers could expect a 1% to 3% increase in the percentage of payroll contribution for the normal cost for miscellaneous plans. In addition, CalPERS has estimated that employers could expect gradual increases in their unfunded accrued liability payment, reaching an approximate increase in such payment (relative to the unfunded accrued liability payments projected in the June 30, 2015 valuation report) of 30% to 40% by Fiscal Year 2024-25 for miscellaneous plans. As a result, required contributions of employers, including Roseville, toward unfunded accrued liabilities, and as a percentage of payroll for normal costs, are expected to increase.

Effective for the Fiscal Year ended June 30, 2015, Roseville adopted Governmental Accounting Standards Board ("GASB") Statement No. 68 ("GASB No. 68"), affecting the reporting of pension liabilities for accounting purposes. Under GASB No. 68, Roseville is required to report the Net Pension Liability (*i.e.*, the difference between the Total Pension Liability and the Pension Plan's Net Position or market value of assets) in its financial statements.

The table below summarizes certain information relating to the Net Pension Liability of the Miscellaneous Plan as of June 30, 2014 through June 30, 2018, as reported in Roseville's audited financial statements. The Electric System's allocable share of Roseville's net pension liability was not separately determined.

City of Roseville Miscellaneous Plan					
Measurement Date ⁽¹⁾ (June 30)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Net Position as a % of Total Pension Liability	Net Pension Liability as a % of Covered Payroll
2014	\$513,101,070	\$346,951,083	\$166,149,987	67.62%	245.63%
2015	532,751,723	356,786,987	175,964,736	66.97	249.33
2016	565,400,677	361,251,067	204,149,610	63.89	275.38
2017	632,299,916	403,695,744	228,604,172	63.85	304.95
2018	667,324,796	435,184,425	232,140,371	65.21	291.57

⁽¹⁾ Measured using prior fiscal year annual actuarial valuation rolled forward to measurement date using standard update procedures.
Source: City of Roseville.

In the June 30, 2017 actuarial valuation utilized for measuring the pension liability as of the June 30, 2018 measurement date, the Entry Age Normal Actuarial Cost Method was used. The actuarial valuation assumptions used for determining total pension liabilities included (a) a 7.5% investment rate of return (net of pension plan investment and administrative expense); (b) projected salary increases that range from 3.3% to 14.2% annually; (c) an inflation component of 2.75% per year; (d) payroll growth of 3.0%; and (e) a discount rate of 7.15%.

Retiree Health Benefits. Roseville also provides post-employment medical benefits (“OPEB benefits”) to substantially all retirees, including those assigned to the Electric System, under the City of Roseville Retiree Healthcare Plan, a sole employer defined healthcare plan administered by the Trust Investment Review Committee. Roseville is responsible for establishing and amending the funding policy of the plan. Roseville manages the plan by investing assets in a Retiree Health Plan Trust (the “OPEB Trust”), established pursuant to a Trust Agreement, and managed by the OPEB’s Trust Administrator, PFM Asset Management LLC. As of June 30, 2019, there were 769 participants receiving OPEB benefits under the plan.

The contribution requirements of plan members and Roseville are established and may be amended by the Roseville City Council. The City Council establishes rates based on an actuarially determined rate.

For Fiscal Years prior to Fiscal Year 2017-18, the City’s reported annual OPEB cost (expense) was calculated based upon the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over 30 years.

The table below sets forth certain information regarding Roseville’s annual OPEB cost and the approximate portion of such amount funded by the Electric System, the percentage of annual OPEB cost contributed and Roseville’s Net OPEB obligation for the three Fiscal Years 2014-15 through 2016-17.

City of Roseville OPEB Plan				
Fiscal Year Ended June 30	Roseville Annual OPEB Cost⁽¹⁾	Amount Funded by Electric System	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 8,994,201	\$648,594	64%	\$44,461,929
2016	11,471,000	723,472	69	49,633,184
2017	13,717,275	811,548	91	50,971,148

⁽¹⁾ Amounts include both pay-as-you-go contributions and contributions to the OPEB Trust.

Source: City of Roseville.

Effective beginning in Fiscal Year 2017-18, Roseville follows the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB No. 75”) affecting the reporting of OPEB liabilities for accounting purposes. GASB No. 75 replaces the requirements of GASB Statement No. 45. GASB No. 75 establishes standards for employers with other postemployment liabilities for recognizing and measuring net OPEB liabilities, along with deferred inflows and outflows of resources, and expenses/expenditures related to the other postemployment liability. GASB No. 75 does not affect funding requirements.

The table below sets forth certain information regarding the Electric System’s allocated share of Roseville’s annual contributions to the OPEB Plan for the Fiscal Years ended June 30, 2018 and 2019, including the relation of Roseville’s contributions to the actuarially determined contribution amount for such fiscal year. The Electric System’s estimated allocated share of Roseville’s budgeted contributions to the OPEB Plan for the Fiscal Year ending June 30, 2020 is \$1,932,397.

City of Roseville OPEB Plan

Fiscal Year Ended June 30	Contribution Funded by Electric System	Total City Contribution	Actuarially Determined Contribution Amount	Contribution Deficiency (Excess) to Actuarially Determined Contribution
2018	\$2,016,000	\$14,213,477	\$14,213,477	\$0
2019	2,079,000	15,226,000	15,226,000	0

Source: City of Roseville.

The City's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The total OPEB liability was \$238,670,000 and the OPEB Plan fiduciary net position was \$97,800,000, resulting in a net OPEB liability of \$140,870,000 as of June 30, 2019. Plan fiduciary net position as a percentage of the total OPEB liability was 40.97%. The net OPEB liability as a percentage of covered payroll was 115.0%. In the June 30, 2017 actuarial valuation utilized in determining the OPEB liability, the Entry Age Normal Actuarial Cost Method was used with a 24-year fixed amortization period and level percentage of pay. The actuarial valuation assumptions used include (a) a 6.25% investment rate of return (net of administrative expense); (b) projected salary increases of 3% annually; (c) an inflation component of 2.75% per year; and (d) a healthcare trend 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 for non-medicare participants, and 6.5% in 2019, decreasing to an ultimate rate of 4.0% in 2076 for medicare participants.

Additional information regarding the City of Roseville's retirement plans and other post-employment benefits can be found in Roseville's comprehensive annual financial reports, which may be obtained at www.roseville.ca.us.

Insurance

Roseville is a member of the California Joint Powers Risk Management Authority ("CJPRMA"), which covers general liability claims, property, and boiler and machinery losses. Once Roseville's deductible is met, CJPRMA becomes responsible for payment of all claims up to the limit. General liability claims are covered up to \$40,000,000 with a self-insured retention of \$500,000 per claim. For Fiscal Year 2019-20, Roseville's premium was \$1,008,371. CJPRMA has purchased commercial insurance against property damage and boiler and machinery claims. Property damage is covered up to \$400,000,000 with a self-insured retention of \$500,000 per claim. Boiler and Machinery damage is covered up to \$21,250,000 with a self-insured retention of \$5,000. For Fiscal Year 2019-20, the annual premium cost for both was \$528,646.

Additionally, Roseville maintains insurance coverage for liabilities arising from the Roseville Energy Park property. The policy has a self-insured retention of \$250,000 per claim up to a \$200,000,000 limit. For the policy term of October 13, 2019 through October 13, 2020, Roseville's premium is \$668,697. Roseville has also purchased fiduciary insurance specifically to cover the OPEB Trust; see "Employees – Other Post-Employment Health Benefits" above. The self-insured retention was \$15,000 per claim up to a \$3,000,000 limit. For the policy term of January 15, 2019 through January 15, 2020, Roseville's premium was \$35,419.

Roseville is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority ("LAWCX"), which covers workers' compensation claims up to \$5,000,000 and provides additional coverage up to statutory limit. Roseville has a self-insured retention of up to \$500,000 per claim. For Fiscal Year 2019-20, Roseville's premium cost is \$838,381 for current year coverage.

Wildfire Mitigation Measures

Roseville does not independently own any transmission lines, and its owned or co-owned transmission or distribution facilities have not been the cause of any recent wildfires experienced in California. The municipal boundaries of the City of Roseville, the primary geographical area in which the Roseville Electric System's overhead electrical lines and equipment are located, is not currently within a California Public Utilities Commission ("CPUC") designated fire-threat area nor a United States Forest Service/California Department of Forestry and Fire Protection (Cal Fire) designated high hazard zone. In 2018, Roseville staff determined, in consultation with the City of Roseville Fire Department, and based upon historical data, local experience and reference to the CPUC's High Fire Threat District Maps, that there were no portions of the geographical area in which the utility's overhead electrical lines and equipment are located that posed a significant risk of wildfire resulting from those electrical lines and equipment. As a precautionary measure, Roseville has developed and implemented a utility preparedness plan to address wildland fire sensitive areas and other possible utility emergency events. Elements of the 2018 utility preparedness plan include bolstered inspection practices for overhead electrical assets within the designated city wildland fire sensitive areas, ongoing vegetation management activities, and established protocols and procedures for operations for emergency preparedness and response. Roseville is preparing a wildfire mitigation plan in accordance with the requirements of SB 901 by January 1, 2020. See also "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – State Legislation and Regulatory Proceedings – Legislation Relating to Wildfires; Related Risks" in the front part of this Official Statement.

Projected Capital Improvements

Roseville's currently anticipated capital improvements for the Electric System encompasses both improvements to Roseville's electricity distribution system and rehabilitation projects for assets that can no longer provide the necessary service. As shown in the Capital Improvement Summary below, Roseville has planned Electric System capital spending of approximately \$80.3 million over the five Fiscal Years 2019-20 through 2023-24, of which \$21.4 million is included in the Fiscal Year 2019-20 budget. Funds for the additional \$58.8 million will be requested when necessary.

CITY OF ROSEVILLE ELECTRIC SYSTEM CAPITAL IMPROVEMENT SUMMARY

Fiscal Year Ending June 30	Capital Improvement Projects
2019-20	\$21,440,000
2020-21	16,212,000
2021-22	11,974,000
2022-23	12,846,000
2023-24	<u>17,794,000</u>
Total:	\$80,266,000

Source: City of Roseville.

Roseville currently expects to fund the capital expenditures primarily with revenues collected from rates and development fees.

Electric Rates

Rate Setting Procedure. Under the City Charter and State law, Roseville has the exclusive jurisdiction to set electric rates within its service area by ordinance, which requires a majority vote of the

City Council. These rates are not currently subject to review by the CPUC or any State or federal agency. The City Council reviews Electric System rates periodically and makes adjustments as necessary.

The City Council is also authorized by the City Charter to set charges, pay for and supply all electric power to be furnished to customers according to such schedules, tariffs, rules and regulations as are adopted by the City Council. The City Charter provides that the City Council will have the power to charge equitable rates for the electric services furnished and for building up the electric properties so as to conserve their value and increase their capacity as needed by Roseville. In addition, the City Charter provides for the maintenance of the electric funds for the Electric System into which is deposited receipts from the operations of the Electric System and from which the costs and expenses of the Electric System are payable.

Service Charges and Demand Charge. Roseville's monthly residential electric rates currently include a \$26.00 basic service charge, the Renewable Energy Surcharge of \$0.0056 per kWh, the Greenhouse Gas Surcharge of \$0.0002 per kWh, plus \$0.0931 per kWh consumed up to 500 kWh, and \$0.1435 per kWh for consumption in excess of 500 kWh. Residential customers meeting certain criteria can apply for special residential rates such as an Electric Rate Assistance Program and Medical Support Rate Reduction.

For small and medium business customers, the monthly basic service charge ranges from \$38.00 to \$65.00, the Renewable Energy Surcharge of \$0.0056 per kWh, the Greenhouse Gas Surcharge of \$0.0002 per kWh, plus \$0.0974 to \$0.1235 per kWh consumed. Medium business customers are also subject to a demand charge of \$6.16 per kW per month.

For large business customers, the monthly basic service charge is \$521.00, the Renewable Energy Surcharge of \$0.0056 per kWh, the Greenhouse Gas Surcharge of \$0.0002 per kWh; and depending on the season, day and hour, time of use energy charges vary from \$0.0682 to \$0.1408 per kWh. Large business customers are also subject to a seasonal demand charge of \$6.60 per kW per month in winter and \$11.57 per kW per month in summer.

For very large business customers, the monthly basic service charge is \$591.00, the Renewable Energy Surcharge of \$0.0056 per kWh, the Greenhouse Gas Surcharge of \$0.0002 per kWh; and depending on the season, day and hour, time of use energy charges vary from \$0.0674 to \$0.1397 per kWh. Very large business customers are also subject to a seasonal demand charge of \$6.71 per kW per month in winter and \$11.51 per kW per month in summer.

A hydroelectric adjustment formula was adopted by the City Council in March 2009, to reflect deviations of precipitation from average conditions that significantly change hydroelectric production. This surcharge may change annually, based on annual hydroelectric conditions, up to a maximum of 5% of total electric charges. As a result of above average precipitation levels from July 2018 through June 2019 there is no surcharge currently in effect.

Recent History of Electric Rate Adjustments. From Fiscal Year 2014-15 through 2018-19, Roseville's retail electric rates have increased an average of approximately 0.4% annually. The following table sets forth Roseville's recent rate change history and the effective date.

**CITY OF ROSEVILLE
RATE ADJUSTMENTS
Fiscal Years 2014-15 through 2018-19**

Date	Percent Change (Average)
January 1, 2019	0.00%
January 1, 2018	0.00
January 1, 2017	0.00
January 1, 2016	0.00
January 1, 2015	0.00
July 1, 2014	2.00

Source: City of Roseville.

Rate Stabilization Fund

On May 8, 1996, the City Council adopted Resolution No. 96-148, which provides for, among other policies, the establishment of a rate stabilization fund (the “RSF” or “Rate Stabilization Fund”), in order to remain competitive under the then occurring industry-wide restructuring of the electric industry. Such policies also provide for the recovery of capital costs of Roseville’s electric generating assets. On March 18, 2009, the City Council reviewed the financial policy that defines the range of the Rate Stabilization Fund balance, reducing the minimum balance from 60% to 40% of operating expenses. This action was taken in conjunction with the implementation of a hydroelectric rate adjustment mechanism that adjusts electric rates up to 5% without further City Council action when hydroelectric conditions increase or decrease electric operating expenses. See also “– Electric Rates.” The Rate Stabilization Fund has a balance of \$65.9 million as of June 30, 2019. Roseville estimates that under current revenue estimates, the Rate Stabilization Fund is expected to be sufficient to pay for currently anticipated contingencies related to power supply costs.

Indebtedness; Joint Powers Agency Obligations

Roseville Electric System Revenue Certificates and Bonds. As of September 1, 2019, Roseville had outstanding approximately \$200,595,000 principal amount of certificates of participation and refunding revenue bonds (the “Outstanding Electric System Certificates and Bonds”) that were executed and delivered to finance and refinance improvements to the Electric System. The Outstanding Electric System Certificates and Bonds are payable from certain payments to be made by Roseville under an installment purchase contract (the “Installment Purchase Contract”), the payments under which are payable from and secured by the Net Revenues of the Electric System (“Net Revenues” are defined generally as revenues of the Electric System less the maintenance and operation costs of the Electric System during any 12-month period). These obligations are subordinate to the payments required to be made with respect to Roseville’s obligations to NCPA and TANC described below.

Roseville’s Outstanding Electric System Certificates and Bonds are summarized in the table below.

CITY OF ROSEVILLE
OUTSTANDING ELECTRIC SYSTEM INDEBTEDNESS
(as of September 1, 2019)

Name of Issue	Principal Amount Outstanding
Roseville Electric Utility System Revenue Certificates	
Series 2004 Certificates	\$ 5,000
Series 2009 Refunding Certificates	1,215,000
Series 2012 Refunding Certificates ⁽¹⁾	90,000,000 ⁽¹⁾
 Roseville Finance Authority	
Electric Utility System Bonds	
Refunding Revenue Bonds, Series 2010	545,000
Refunding Revenue Bonds, Series 2013	30,195,000
Refunding Revenue Bonds, Series 2014	16,485,000
Refunding Revenue Bonds, Series 2017A	56,210,000
Refunding Revenue Bonds, Taxable Series 2017B	5,940,000
Total	\$200,595,000

⁽¹⁾ Variable rate obligations issued in a private placement transaction. Roseville retired \$36,000,000 principal amount of the Series 2012 Refunding Certificates on November 1, 2019 from available funds.

Source: City of Roseville.

Roseville's Series 2012 Refunding Certificates reflected in the table above are variable rate obligations which were purchased by U.S. Bank National Association (the "Bank") in a direct purchase transaction. Such variable rate obligations bear interest at a per annum rate determined monthly based upon a spread to a percentage of the one-month London InterBank Offering Rate ("LIBOR") and are subject to mandatory tender for purchase on the scheduled mandatory tender date of May 1, 2023, or, if directed by the Bank upon the occurrence and continuance of an event of default under the related continuing covenant agreement, seven calendar days after receipt of such direction. On or before the scheduled mandatory purchase date, Roseville may request the Bank to purchase such variable rate obligations in another index rate period or another interest rate mode, or Roseville may seek to remarket such variable rate obligations to another bank or in the public debt markets. Prior to the issuance of such variable rate obligations, Roseville entered into interest rate swap agreements. Pursuant to the interest rate swap agreements, the floating rate interest payments that Roseville is obligated to make with respect to the variable rate Outstanding Electric System Certificates and Bonds were converted into substantially fixed rate payments. On November 1, 2019, Roseville terminated one of such rate swaps in connection with the retired portion of the related variable rate Outstanding Electric System Certificates and Bonds (as referenced in footnote (1) to the table entitled "Outstanding Electric System Indebtedness" above). Following such termination, as of November 1, 2019, the notional amount of the remaining interest rate swap was \$54,000,000. In general, the terms of the interest rate swap agreement provides that on a same-day net payment basis, Roseville will pay a fixed interest rate determined based upon the notional amount of the remaining rate swap and in return the swap counterparty will pay a variable rate of interest on a like notional amount. The City's obligation to make any net regularly scheduled payments due to the swap counterparty under the interest rate swap agreement is payable on parity with the Outstanding Electric System Certificates and Bonds and is subordinate to the payments required to be made with respect to Roseville's joint powers agency obligations described under "*Joint Powers Agency Obligations*" below (including under the Unit One Member Agreement). Under certain circumstances, the interest rate swap agreement is subject to termination and Roseville may be required to make a substantial termination payment to the counterparty thereunder. Any termination payments due from Roseville under the interest

rate swap agreement upon early termination thereof are payable on a basis that is junior and subordinate to the payment of Roseville's Outstanding Electric System Certificates and Bonds.

Joint Powers Agency Obligations. As previously discussed, Roseville participates in certain joint powers agencies, including NCPA and TANC. The obligations of Roseville under its agreements with NCPA and TANC constitute operating expenses of the Electric System payable on a senior basis to any of the payments required to be made on Roseville's Outstanding Electric System Certificates and Bonds. The agreements with NCPA and TANC are on a "take-or-pay" basis, which requires payments to be made whether or not projects are operable, or whether output from such projects is suspended, interrupted or terminated. These agreements contain "step up" provisions obligating Roseville to pay a share of the obligations of a defaulting participant and granting Roseville a corresponding increased entitlement to electricity (generally, Roseville's "step-up" obligation is limited to 25% of Roseville's scheduled payments on such obligations). Roseville's participation and share of debt service obligation (without giving effect to any "step-up" provisions) for each of the joint powers agency projects in which it participates are shown in the following table.

**CITY OF ROSEVILLE
ELECTRIC SYSTEM
OUTSTANDING DEBT OF JOINT POWERS AGENCIES⁽¹⁾
(Dollar Amounts in Millions)
(As of September 1, 2019)**

	<u>Outstanding Debt⁽²⁾</u>	<u>Roseville Participation⁽³⁾</u>	<u>Roseville Share of Outstanding Debt⁽²⁾</u>
NCPA			
Geothermal Project	\$ 20.1	7.88%	\$ 1.6
Hydroelectric Project	265.7	12.00 ⁽⁴⁾	26.3
Capital Facilities Project	25.5	36.50	9.3
TANC			
COTP	191.8	2.32	4.5
TOTAL*	<u>\$503.1</u>		<u>\$41.7</u>

(1) Excludes Roseville Natural Gas Financing Authority. See "Natural Gas Prepayment" above.

(2) Principal only. Does not include obligation for payment of interest on such debt.

(3) Participation based on actual debt service obligation. Participation obligation is subject to increase upon default of another project participant. Such increase shall not exceed, without written consent of a non-defaulting participant, an accumulated maximum of 25% of such non-defaulting participant's original participation.

(4) Roseville's actual payments represent approximately 9.9% of outstanding debt service as a result of credit received by it as a non-participating member with respect to portion of debt obligation.

Note: Numbers may not total due to rounding.

Source: City of Roseville.

A portion of the joint powers agency debt obligations are variable rate bonds, liquidity support for which is provided through liquidity arrangements with banks. Unreimbursed draws under liquidity arrangements supporting joint powers agency variable rate debt obligations bear interest at a maximum rate substantially in excess of the current interest rates on such obligations. Moreover, in certain circumstances, the failure to reimburse draws on the liquidity agreements may result in the acceleration of scheduled payment of the principal of such variable rate joint powers agency obligations. In connection with certain of such joint powers agency obligations, the respective joint powers agency has entered into interest rate swap agreements relating thereto for the purposes of substantially fixing the interest cost with respect thereto. There is no guarantee that the floating rate payable to the respective joint powers agency pursuant

to each of the interest rate swap agreements relating thereto will match the variable interest rate on the associated variable rate joint powers agency debt obligations to which the respective interest rate swap agreement relates at all times or at any time. Under certain circumstances, the swap providers may be obligated to make payments to the applicable joint powers agency under their respective interest rate swap agreement that is less than the interest due on the associated variable rate joint powers agency debt obligations to which such interest rate swap agreement relates. In such event, such insufficiency will be payable as a debt service obligation from the obligated joint powers agency members (a corresponding amount of which proportionate to its debt service obligations to such joint powers agency could be due from Roseville). In addition, under certain circumstances, each of the swap agreements is subject to early termination, in which event the joint powers agency could be obligated to make a substantial payment to the applicable swap provider (a corresponding amount of which proportionate to its debt service obligations to such joint powers agency could be due from Roseville).

Litigation

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining Roseville in the execution or delivery or performance of, or in any way contesting or affecting the validity of any proceedings of Roseville taken with respect to, the Unit One Member Agreement.

There is no litigation pending, or to the knowledge of Roseville, threatened, questioning the existence of Roseville, or the title of the officers of Roseville to their respective offices. There is no litigation pending, or to the knowledge of Roseville, threatened, questioning or affecting in any material respect the financial condition of Roseville's Electric System.

Present lawsuits and other claims against Roseville's Electric System are incidental to the ordinary course of operations of the Electric System and are largely covered by Roseville's self-insurance program. In the opinion of Roseville's management and the Roseville City Attorney, such claims and litigation will not have a materially adverse effect upon the financial position of Roseville.

Financial Information

Significant Accounting Policies. Governmental accounting systems are organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Electric System is accounted for as an enterprise fund. Enterprise funds are used to account for operations (i) that are financed and operated in a manner similar to private business enterprises (where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges) or (ii) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Electric Fund uses the accrual method of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Investments are stated at cost. Inventories are valued at weighted average method. Capital assets are recorded at historical cost. Donated fixed assets are valued at their estimated fair market value on the date donated.

Audited Financial Statements. Roseville’s most recent Comprehensive Annual Financial Report for Fiscal Year 2017-18 was audited by Vavrinek, Trine, Day & Co., LLP, Sacramento, California, in accordance with generally accepted auditing standards. The audited financial statements contain opinions that the financial statements present fairly the financial position of the various funds maintained by Roseville. The reports include certain notes to the financial statements which are not fully described below. Such notes constitute an integral part of the audited financial statements. Copies of these reports are available on Roseville’s website, www.roseville.ca.us.

Historical Revenues, Expenses and Debt Service Coverage

The following table presents a summary of the revenues, expenses, and debt service coverage for Roseville’s Electric Fund for Fiscal Years 2014-15 through 2018-19 on a historical basis. The information is derived from Roseville’s audited financial statements for Fiscal Years 2014-15 through 2017-18 and from Roseville’s preliminary, unaudited results for Fiscal Year 2018-19. This table is based on historic operating results of the Electric System, but is presented on a cash basis consistent with the definitions of revenues and maintenance and operation costs as defined in the Installment Purchase Contract relating to Roseville’s Outstanding Electric System Certificates and Bonds, and as such, does not match the audited financial statements of the Electric System. The table also includes a five-year history of balances in the Rate Stabilization Fund, and calculates debt service coverage both with and without taking into account the Rate Stabilization Fund balance.

The table below as it is presented is not available in Roseville’s audited financial statements for the Electric System; it has been designed to reflect revenues and coverage in a manner which meets GAAP standards and is reflective of the definitions of revenues and maintenance and operation costs as defined in the Installment Purchase Contract relating to Roseville’s Outstanding Electric System Certificates and Bonds. The figures shown in the table for Fiscal Years 2014-15 through 2017-18 are accounted for in Roseville’s audited financial statements for such years (Fiscal Year 2018-19 data is based on preliminary, unaudited operating results) but the presentation in the audited financial statements may not necessarily correlate to the line item designations in the table.

[Remainder of page intentionally left blank.]

**CITY OF ROSEVILLE
ELECTRIC FUND
STATEMENT OF REVENUES AND EXPENSES
Fiscal Years 2014-15 through 2018-19
(Dollars in Thousands)**

	2014-15	2015-16	2016-17	2017-18	Preliminary 2018-19
Revenues					
Charges for Services	\$164,822	\$164,409	\$161,515	\$162,501	\$158,383
Other	3,508	2,147	4,169	5,735	9,336
Total Revenues	\$168,330	\$166,556	\$165,684	\$168,236	\$167,719
Operating Expenses					
Power Supply ⁽¹⁾	\$ 90,285	\$ 84,068	\$ 81,204	\$ 77,090	\$ 70,693
Non-Power Costs ⁽²⁾	20,933	27,345	36,771	37,470	33,194
Indirect Costs and Transfers ⁽³⁾	8,869	6,975	8,297	3,146	3,970
Total Operating Expenses	\$120,087	\$118,388	\$126,272	\$117,706	\$107,857
Net Revenue	\$ 48,243	\$ 48,168	\$ 39,412	\$ 50,530	\$ 59,862
Debt Service	\$ 16,176	\$ 16,185	\$ 15,950	\$ 16,672	\$ 15,432
Adjusted Net Revenue					
Net Revenue	\$ 48,243	\$ 48,168	\$ 39,412	\$ 50,530	\$ 59,862
Interest Revenue (excluding unrealized gain/loss)	\$ 795	\$ 1,212	\$ 1,887	\$ 2,497	\$ 3,474
Adjusted Net Revenue	\$ 49,038	\$ 49,380	\$ 41,299	\$ 53,027	\$ 63,336
Debt Service Coverage Ratio	3.03	3.06	2.61	3.11	4.10
Rate Stabilization Fund Balance ⁽⁴⁾	\$ 50,768	\$ 58,381	\$ 58,943	\$ 58,811	\$ 65,858
Transfers from/(to) Rate Stabilization Fund	(3,400)	(7,000)	0	0	(5,000)
Debt Service Coverage ratio, including Rate Stabilization Fund ⁽⁵⁾	6.17	6.66	6.28	6.71	8.37

⁽¹⁾ Includes joint powers agency payment obligations.

⁽²⁾ Includes distribution operations and administration expenses, including the Electric System's share of CalPERS costs.

⁽³⁾ Through Fiscal Year 2016-17, includes operating payments to the City General Fund as reimbursement for the Electric System's share of certain overhead expenses such as information technology, meter reading, traffic signals, payroll, human resources, facility lease payments, utility exploration center operations, retired employees' health costs, OPEB costs, citywide rehabilitation costs, etc. As of Fiscal Year 2017-18, most of such costs were moved to Non-Power costs with retired employees' health costs, OPEB costs, and citywide rehabilitation costs remaining on this line. The increase to Non-Power costs was offset by other operational savings.

⁽⁴⁾ Represents available resources as of June 30.

⁽⁵⁾ Pursuant to the Installment Purchase Contract relating to Roseville's Outstanding Electric System Certificates and Bonds, funds on deposit in the Rate Stabilization Fund may be included in Adjusted Annual Revenues for purposes of determining compliance with the Rate Covenant. See "Rate Setting – Rate Stabilization Fund."

Source: City of Roseville.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

NCPA AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

The combined financial statements of Northern California Power Agency and Associated Power Corporations as of and for the years ended June 30, 2019 and 2018 have been audited by Baker Tilly Virchow Krause, LLP, independent auditors, as stated in their report. Baker Tilly Virchow Krause, LLP has not been engaged to perform and has not performed, since the date of its report included therein, any procedures on the financial statements addressed in such report. Baker Tilly Virchow Krause, LLP has also not performed any procedures relating to this Official Statement.

[THIS PAGE INTENTIONALLY LEFT BLANK]



AND

ASSOCIATED POWER CORPORATIONS

**Report on Audit of Combined Financial Statements
and
Supplementary Information**

For the Years Ended June 30, 2019 and 2018

**NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS**

Report on Audit of Combined Financial Statements

Table of Contents

As of and For the Years Ended June 30, 2019 and 2018

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	3
Combined Financial Statements:	
Combined Statements of Net Position	13
Combining Statement of Revenues, Expenses and Changes in Net Position	15
Combined Statements of Cash Flow.....	16
Notes to Combined Financial Statements	18
Required Supplementary Information (Unaudited):	
Schedule of Changes in the Net Pension Liability and Related Ratios Last 10 Measurement Years	60
Schedule of Pension Plan Contributions Last 10 Fiscal Years.....	61
Schedule of Changes in the Net OPEB Liability and Related Ratios Last 10 Measurement Years	62
Schedule of OPEB Plan Contributions Last 10 Fiscal Years.....	63

Supplemental Information – For Purposes of Additional Analysis:	
Combining Statement of Net Position FY 2019	64
Combining Statement of Revenues, Expenses and Changes in Net Position FY 2019	66
Combining Statement of Cash Flow FY 2019.....	67
Combining Statement of Net Position FY 2018	69
Combining Statement of Revenues, Expenses and Changes in Net Position FY 2018	70
Combining Statement of Cash Flow FY 2018.....	72
Other Information (Unaudited):	
Generation Entitlement Shares	74



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Northern California Power Agency and Associated Power Corporations
Roseville, California

We have audited the accompanying combined financial statements of the Northern California Power Agency and Associated Power Corporations (the "Agency"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the combined basic financial statements of the Agency as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Agency as of June 30, 2019 and 2018, and the respective changes in combined financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B, the Agency adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*, effective July 1, 2018. Certain balances presented in the prior year have been restated due to the implementation of the new standard. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the combined basic financial statements. Such information, although not a part of the combined basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the combined basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined basic financial statements, and other knowledge we obtained during our audit of the combined basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's combined basic financial statements as a whole. The combining statements of net position, combining statements of revenues, expenses and changes in net position, combining statements of cash flows (combining financial statements) as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined basic financial statements or to the combined basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects, in relation to the combining basic financial statements as a whole.

Other Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements that collectively comprise the Agency's combined basic financial statements. The schedule of generation entitlement shares is presented for purposes of additional analysis and is not a required part of the combined basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the combined basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
October 2, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The management of Northern California Power Agency (the Agency or NCPA) offers the following narrative discussion and analysis of its financial performance for the years ended June 30, 2019 and 2018. This discussion should be read in conjunction with the Agency's combined financial statements and accompanying notes, which follow this section.

BACKGROUND

The Northern California Power Agency is a joint powers agency formed by member public entities under the laws of the State of California to provide cost effective wholesale power, energy-related services, and advocacy on behalf of public power consumers. The Agency's purposes are for purchasing, generating, transmitting, and selling electrical energy and for providing other related services to its members and customers as each may require. The Agency provides a portion of certain of its members' power needs and certain of its members also self-provide and/or purchase power and transmission from other public and private sources.

NCPA is governed by a Commission comprised of one representative for each member. The Commission is responsible for the general management of the affairs, property, and business of the Agency. Under the direction of the General Manager, the staff of the Agency is responsible for providing various administrative, operating and planning services for the Agency.

The Agency's project construction and development programs have been individually financed by project revenue bonds that are collateralized by the Agency's assignment of all payments, revenues, and proceeds associated with its interest in each project. Each of the Agency's members may choose which projects it wishes to participate in, and is known as a "project participant" for each such project. Each project participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, or reduction or curtailment of output from the project for any reason (that is, the take-or-pay member agreements).

Power sales by the Agency to its members for their resale include both sales of power to project participants generated by operating plants and power purchased from outside sources. Collections for power sales are designed to recover costs that include budgeted annual operating costs and debt service. Additional amounts for operating reserves or cost stabilization may be included in collections under the terms of bond indentures. The Agency's collections for electric service are not subject to the regulatory jurisdiction of the California Public Utilities Commission (CPUC) or the Federal Energy Regulatory Commission (FERC). Rather, the Agency's collections are established annually in connection with its budget, which is approved by its governing Commission.

Various legal and tax considerations caused the Agency to provide that separate not-for-profit corporations should be delegated by the Agency to own the geothermal electrical generating projects undertaken by the Agency ("the Associated Power Corporations"). The Associated Power Corporations, consisting of Northern California Municipal Power Corporation Nos. Two and Three, have delegated to the Agency the authority to construct, operate, and manage their respective geothermal plants and related assets. The Agency, in return for financing the costs of acquisition and construction, acquires all the capacity and energy generated by the plants.

Because the Agency is a separate, special-purpose governmental entity that serves its participating members, who are also the Agency's principal customers, the net results of operations flow through to its participating members as either net revenues or net expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

FINANCIAL REPORTING

For accounting purposes, the Agency is a special-purpose governmental entity that is engaged in a business-type activity, principally as a supplier of wholesale electricity and transmission to its member participants. As such, the Agency's financial statements are presented as an enterprise type fund.

The records of the Agency and the Associated Power Corporations are maintained substantially in accordance with the FERC Uniform System of Accounts. Accounting principles generally accepted in the United States of America are applied by the Agency in conformance with pronouncements of the Governmental Accounting Standards Board (GASB). The combined financial statements encompass the Agency and Associated Power Corporations on an accrual accounting basis. All significant intercompany balances and transactions have been eliminated from the combined amounts reported.

In accordance with GASB Statement of Government Accounting Standards No. 62, Codification of Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting (GASB No. 62), the Agency has recorded as regulatory assets and liabilities certain items of expense and revenue that otherwise would have been charged to operations as such items will be recovered in future years' operations. The Agency expects to recover these items in collections over the term of the related debt obligations it has issued or when the obligation is paid.

Implemented in FY 2019, GASB Statement of Government Accounting Standards No. 83, Certain Asset Retirement Obligations, established standards for accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays to be incurred.

Implemented in FY 2018, GASB Statement of Government Accounting Standards No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, requires additional note disclosures for debt, including direct borrowings and direct placements.

Implemented in FY 2018, GASB Statement of Government Accounting Standards No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB) requires the Agency to report a liability on the face of the financial statements, including deferred outflows of resources and deferred inflows. The standard also requires more extensive note disclosures and required supplementary information related to our OPEB liabilities.

COMBINED STATEMENTS OF NET POSITION, COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, AND COMBINED STATEMENTS OF CASH FLOWS

The combined statements of net position includes the Agency's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position using the accrual method of accounting, as well as information about which assets can be used for general purposes and which assets are restricted as a result of bond covenants and other commitments. The combined statement of net position provides information about the nature and amount of resources and obligations at a specific point in time. The combined statements of revenues, expenses, and changes in net position report all the revenues and expenses during the time periods indicated. The combined statements of cash flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and debt financing, and other cash uses, such as payments for debt service and capital additions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

FINANCIAL HIGHLIGHTS

The following is a summary of the Agency's combined financial position and results of operations for the years ended June 30, 2019, 2018, and 2017.

Condensed Statement of Net Position	June 30,		
	(in thousands)		
	2019	2018 (Restated)	2017
Assets			
Current assets	\$ 99,363	\$ 89,908	\$ 88,453
Restricted assets	213,312	219,905	221,783
Electric plant, net	502,479	531,337	559,841
Other assets	224,403	231,430	236,269
Total Assets	1,039,557	1,072,580	1,106,346
Deferred outflows of resources	112,427	123,280	123,916
	<u>\$ 1,151,984</u>	<u>\$ 1,195,860</u>	<u>\$ 1,230,262</u>

Liabilities and Net Position

Long-term debt, net	\$ 647,273	\$ 694,597	\$ 737,022
Current liabilities	103,344	95,389	101,550
Non-current liabilities	272,445	277,063	264,494
Total Liabilities	1,023,062	1,067,049	1,103,066
Deferred inflows of resources	90,546	90,743	93,136
Net position:			
Net investment in capital assets	(45,572)	(61,207)	(62,191)
Restricted	49,243	60,375	58,269
Unrestricted	34,705	38,900	37,982
	<u>\$ 1,151,984</u>	<u>\$ 1,195,860</u>	<u>\$ 1,230,262</u>

Condensed Statements of Revenues, Expenses and Changes in Net Position	Years Ended June 30,		
	(in thousands)		
	2019	2018 (Restated)	2017
Operating revenues	\$ 699,166	\$ 562,392	\$ 466,738
Operating expenses	(656,115)	(510,714)	(418,307)
Net operating revenues	43,051	51,678	48,431
Other expenses	(20,774)	(25,559)	(21,561)
Future refundable costs	(7,791)	(11,797)	(13,274)
Refunds to participants	(14,178)	(10,314)	(7,499)
Change in net position	308	4,008	6,097
Net position, beginning of year	38,068	34,060	27,963
Net position, end of year	<u>\$ 38,376</u>	<u>\$ 38,068</u>	<u>\$ 34,060</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets

2019 Compared to 2018 - Current assets increased \$9.5 million or 10.5% from the prior year, primarily due to timing of collections and payments of transmission costs, energy sales and purchases and operating use availability.

2018 Compared to 2017 - Current assets increased \$1.5 million or 1.6% from the prior year, primarily due to timing of collections and payments of transmission costs and energy sales and purchases.

Restricted Assets

2019 Compared to 2018 - Restricted assets decreased \$6.5 million or 3.0% from the prior year. This is primarily due to funds used for capital development projects net of increased investment mark to market adjustment as a result of lower interest rate compared to prior year.

2018 Compared to 2017 - Restricted assets decreased \$1.9 million or 0.8% from the prior year. This is primarily due to decreased investment mark to market adjustment as a result of higher interest rate compared to prior year.

Electric Plant, net

2019 Compared to 2018 - The Agency has invested approximately \$502.5 million in plant assets and construction work in progress, net of accumulated depreciation, at June 30, 2019. Net utility plant comprises approximately 43.6% of the Agency's assets. The \$28.9 million or 5.4% decrease from the prior year consists of \$30.9 million in depreciation, offset by net capital expenditures of \$2.0 million. For additional detail, refer to Note B – Significant Accounting Policies.

2018 Compared to 2017 - The Agency has invested approximately \$531.3 million in plant assets and construction work in progress, net of accumulated depreciation, at June 30, 2018. Net utility plant comprises approximately 46.1% of the Agency's assets. The \$28.5 million or 5.1% decrease from the prior year consists of \$30.9 million in depreciation, offset by net capital expenditures of \$2.4 million. For additional detail, refer to Note B – Significant Accounting Policies.

Deferred Outflows

2019 Compared to 2018 - Total deferred outflows of resources decreased \$10.9 million or 8.8% due to the scheduled amortization of excess of cost on refunding of debt of \$8.6 million, decrease of deferred pension and OPEB contributions of \$2.2 million and decrease of deferred ARO of \$0.1 million.

2018 Compared to 2017 - Total deferred outflows of resources decreased \$0.6 million or 0.5% due to the scheduled amortization of excess of cost on refunding of debt of \$6.2 million and net recognition of ARO funding of \$0.1 million offset by increase of deferred pension and OPEB contributions of \$5.7 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

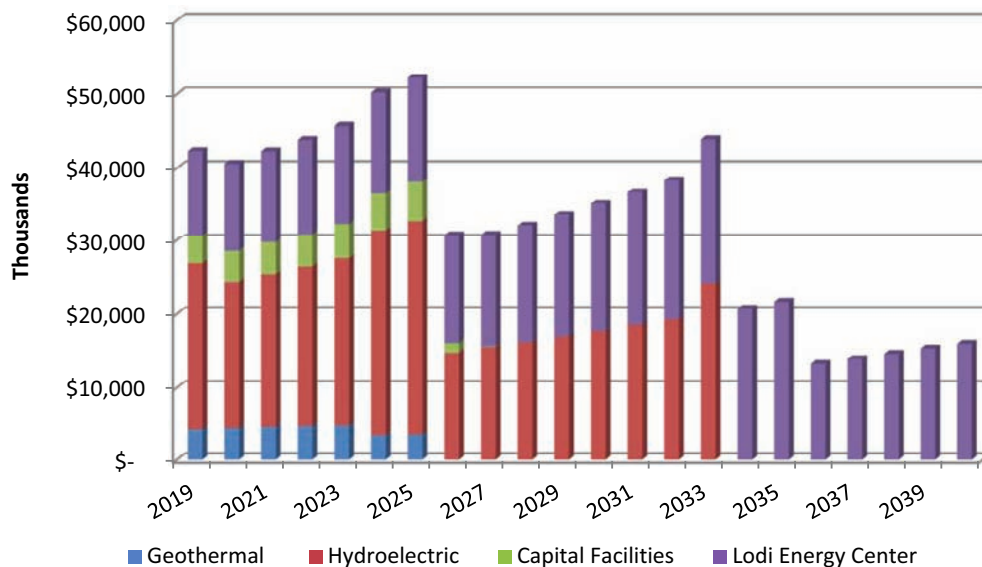
LIABILITIES

Long-Term Debt, net

2019 Compared to 2018 - Long-term debt, net decreased \$47.3 million or 6.8% in 2019 as a result of scheduled principal payments of \$42.3 million, net premium amortization of \$2.6 million, and a net decrease of \$11.4 million related to the following refunding: Hydroelectric Project One Revenue Bonds 2019 Refunding Series A that refunded the Hydroelectric Project One Revenue Bonds 2010 Refunding Series A. These decreases were offset by an increase for the net transfer of the current portion of long-term debt of \$9.0 million. For additional detail, refer to Note E - Projects and Related Financing.

2018 Compared to 2017 - Long-term debt, net decreased \$42.4 million or 5.8% in 2018 as a result of scheduled principal payments of \$39.8 million, net premium amortization of \$2.3 million, and a decrease for the net transfer of the current portion of long-term debt of \$2.8 million offset by a net increase of \$2.5 million related to two refunding activities: 1) Hydroelectric Project Number One Revenue Bonds 2018 Refunding Series A and B that refunded the Hydroelectric Project Number One Revenue Bonds 2008 Refunding Series C, and 2) Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A that partially refunded the Lodi Energy Center Revenue Bonds, Issue One, 2010 Series A debt. For additional detail, refer to Note E – Projects and Related Financing.

The following table shows the Agency's scheduled annual debt service principal payments through FY 2040 as of June 30, 2019:



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Current Liabilities

2019 Compared to 2018 - Current liabilities increased by \$7.9 million or 8.3% in 2019. This is primarily due to increases in accounts payable of \$16.9 million for purchased energy and transmission costs offset by decreases in current portion of long-term debt of \$9.0 million.

2018 Compared to 2017 - Current liabilities decreased by \$6.2 million or 6.1% in 2018. This is primarily due to decreases in accounts payable of \$8.4 million and decreases in accrued interest payable of \$1.9 million offset by increases in operating reserves of \$1.3 million and increases in current portion of long-term debt of \$2.8 million.

Other Non-Current Liabilities

2019 Compared to 2018 - Non-current liabilities decreased by a net of \$4.6 million or 1.7% in 2019. This was primarily due to decreased net pension and OPEB liability of \$9.9 million offset by increased asset retirement obligations of \$1.5 million increased for inflation, increased operating reserves of \$0.3 million for interest earnings, and increased interest rate swap liability of \$3.5 million.

2018 Compared to 2017 - Non-current liabilities increased by a net of \$12.6 million or 4.8% in 2018. This was primarily due to increased net pension and OPEB liability of \$11.4 million and increased operating reserves of \$5.7 million for budget collections offset by decreased interest rate swap liability of \$4.0 million and amortization of asset retirement obligations of \$0.5 million.

Deferred Inflows

2019 Compared to 2018 - Total deferred inflows of resources decreased \$0.2 million or 0.2% due to deferral of certain revenues related to the amortization of construction advances and prepaids totaling \$2.8 million and net pension and OPEB expense amortization of \$2.6 million.

2018 Compared to 2017 - Total deferred inflows of resources decreased \$2.3 million or 2.6% due to deferral of certain revenues related to the amortization of construction advances and prepaids totaling \$1.0 million and net pension and OPEB expense amortization of \$1.3 million.

CHANGES IN NET POSITION

The Agency is intended to operate on a not-for-profit basis. Therefore, net position primarily represents differences between total revenues collected, based on estimated operating expenses and debt service, and the total actual expenses incurred. In subsequent periods of operation, excess collections (net of encumbrances) may be refunded to participants or appropriated for other uses at the discretion of the Agency's governing Board of Commissioners. In the event the Agency incurs a net expense at year-end, the balance would be subject to recovery from participants under the terms of the related participating member agreements. See Notes A, B and E to the Combined Financial Statements.

Operating Revenues

Operating revenues consist of Participants Revenue, California Independent System Operator (CAISO) Energy Sales and Ancillary Services (A/S) Revenues and Other Revenues.

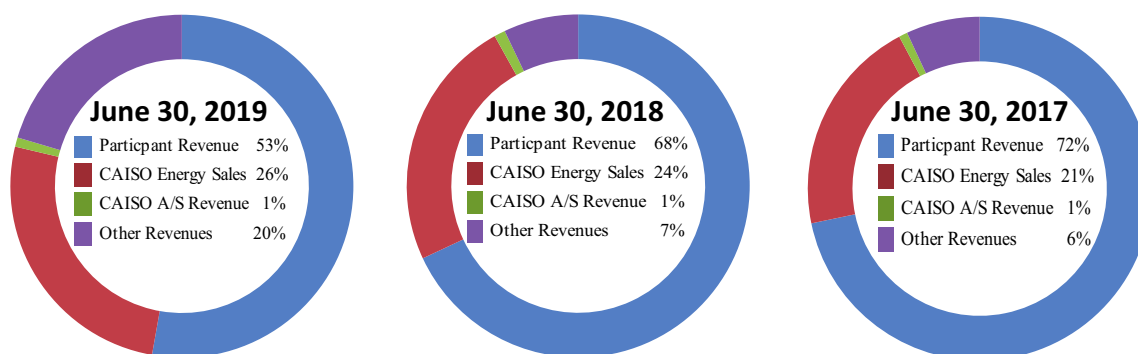
2019 Compared to 2018 - Operating revenues for fiscal year 2019 were approximately \$136.8 million or 24.3% higher than in the prior fiscal year. This was the net result of the following: (1) revenue from non-members of \$67.1 million for their share of energy contracts and transmission costs, (2) higher overall plants' generation of 3,016,295 MWh versus 2,368,663 MWh in the prior year, and (2) higher collections for transmission costs due to increased generation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

2018 Compared to 2017 - Operating revenues for fiscal year 2018 were approximately \$95.6 million or 20.5% higher than in the prior fiscal year. This was the net result of the following: (1) higher LEC generation of 1,075,084 MWh versus 299,107 MWh in the prior year, and (2) higher collections for transmission costs due to increased generation.

OPERATING REVENUES BY SOURCES



Operating Expenses

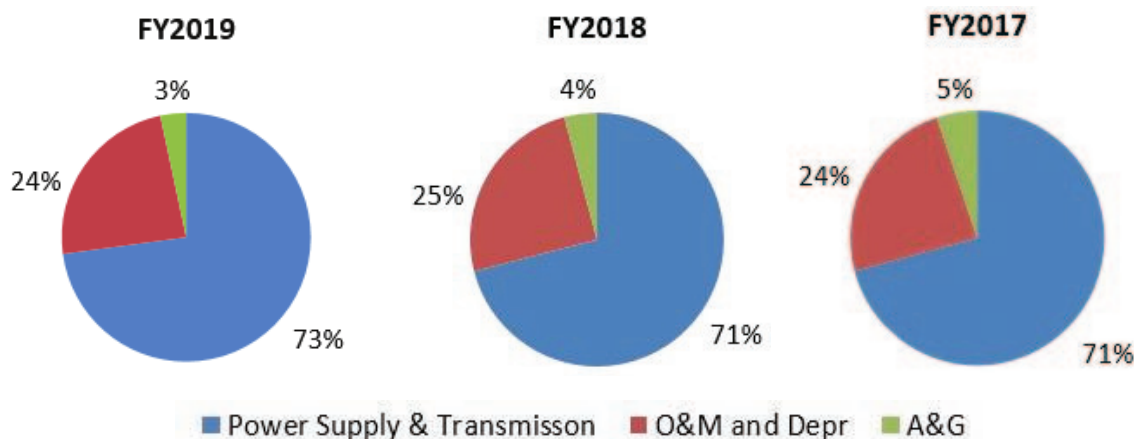
2019 Compared to 2018 - Operating expenses were \$656.1 million in FY 2019, an increase of \$145.4 million from FY 2018. Purchased power expense was \$74.3 million higher in 2019 primarily due to increased energy purchased to fulfill energy requirements for member and non-member participants. Operations expense increased \$22.4 million primarily due to increased fuel usage for the LEC and water costs for Hydro (see Operating Revenues). Maintenance expenses were \$5.3 million higher than in FY 2019 due to increased plant maintenance project costs necessitated from increased generation. Additionally, the increase in transmission costs of \$43.4 million was due to increased generation from plants and from new non-member participants.

2018 Compared to 2017 - Operating expenses were \$510.7 million in FY 2018, an increase of \$92.4 million from FY 2017. Purchased power expense was \$31.4 million higher in 2018 primarily due to increased energy purchased to fulfill energy requirements. Operations expense increased \$22.8 million primarily due to increased fuel usage for the LEC (see Operating Revenues). Maintenance expenses were \$4.5 million higher than in FY 2017 due to increased plant maintenance costs resulting from increased generation. Additionally, the increase in transmission costs of \$33.7 million was due to increased generation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

The following charts compare the components of Operating Expenses in fiscal years ended June 30, 2019, 2018, and 2017:



FINANCING ACTIVITIES

During 2019, 2018 and 2017 the Agency continued to implement strategies to further improve its competitive position and financial flexibility. These actions included: (1) monitoring current financial market conditions for financing or refinancing opportunities; and (2) providing rating agencies annual updates on all projects.

In April 2019, the Agency issued Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A (\$39,250,000) to refund Hydroelectric Project Number One Revenue Bond, 2010 Refunding Series A. The refunding was completed through the issuance of \$39,250,000 fixed rate debt (2019 Series A) with a yield of 1.40% with varying principal maturities ranging from \$940,000 to \$13,650,000 through July 1, 2023. The refunding is estimated to have decreased project debt service by an estimated \$8.09 million over the next 5 years, which results in an estimated economic gain to the Agency of approximately \$3.62 million.

In March 2018, the Agency issued Hydroelectric Project Number One Revenue Bonds 2018 Refunding Series A and B (\$70,215,000) to refund Hydroelectric Project Number One Revenue Bond 2008 Refunding Series C. The refunding was completed through the issuance of \$70,215,000 fixed rate debt (2018 Series A & B) with a yield of 2.01% with varying principal maturities ranging from \$839,850 to \$14,957,250 through July 1, 2024. The refunding is estimated to have decreased project debt service by an estimated \$8.34 million over the next 5 years, which results in an estimated economic gain to the Agency of approximately \$7.76 million.

In December 2017, the Agency issued Lodi Energy Center Revenue Refunding Bonds Issue One 2017 Series A (\$38,970,000) to refund a portion of Lodi Energy Center Revenue Bonds Issue One 2010 Series A. The private placement refunding was completed through the issuance of \$38,970,000 fixed rate tax exempt debt (2017 Series A) with a yield of 2.27% with varying principal maturities ranging from \$335,000 to \$7,825,000 through June 1, 2025. The refunding is estimated to have decreased project debt service by an estimated \$2.41 million over the next 6 years, which results in an estimated economic gain to the Agency of approximately \$2.22 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

Each year the Agency has either informal discussions or sometimes formal presentations with each of the credit rating agencies in order to maintain ongoing communications. During 2018 and 2019, Standard and Poor's, Moody's, and Fitch affirmed their ratings on all projects. On May 30th, 2019 Moody's upgraded the rating on NCPA's Capital Facilities Project to A1 from A2 with an outlook of stable.

Ratings assigned to the Agency's outstanding project bonds as of June 30, 2019 are as follows:

Debt Credit Ratings:	Standard & Poor's	Fitch	Moody's
Geothermal	A- , stable	A+, stable	A1, stable
Hydroelectric	A+, stable	AA-, stable	Aa3, stable
Capital Facilities	A- , stable	Not rated	A1, stable
Lodi Energy Center (Issue One)	A- , stable	A, stable	A1, stable
Lodi Energy Center (Issue Two)	AAA, stable	Not rated	Aa2, stable

INVESTMENT IN ASSOCIATED COMPANY

Effective June 2018, the Agency invested a 20% interest in the not-for-profit corporation Hometown Connections, Inc. (HCI) for \$265,000. HCI is a national service corporation that provides consulting, management and metering services to public power utilities on a national level. HCI has contracted with the Agency to provide monthly accounting service. This investment is accounted for using the equity method of accounting.

SUMMARY

The management of the Agency is responsible for preparing the information in this management's discussion and analysis, combined financial statements and notes to the combined financial statements. Financial statements were prepared according to accounting principles generally accepted in the United States of America, and they fairly portray the Agency's financial position and operating results. The notes to the financial statements are an integral part of the basic financial statements and provide additional financial information.

Agency Financials

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	June 30,	
	2019	2018 (Restated)
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 43,427	\$ 38,561
Investments	41,915	36,963
Accounts receivable		
Participants	236	950
Other	2,629	1,797
Interest receivable	586	319
Inventory and supplies	8,891	9,746
Prepaid expenses	1,679	1,572
TOTAL CURRENT ASSETS	99,363	89,908
RESTRICTED ASSETS		
Cash and cash equivalents	57,635	65,435
Investments	154,903	153,830
Interest receivable	774	640
TOTAL RESTRICTED ASSETS	213,312	219,905
ELECTRIC PLANT		
Electric plant in service	1,506,366	1,504,621
Less: accumulated depreciation	(1,004,069)	(973,466)
	502,297	531,155
Construction work-in-progress	182	182
TOTAL ELECTRIC PLANT	502,479	531,337
OTHER ASSETS		
Regulatory assets	223,703	231,147
Preliminary survey and investigation costs	435	18
Investment in associated company	265	265
TOTAL ASSETS	1,039,557	1,072,580
DEFERRED OUTFLOWS OF RESOURCES		
Excess cost on refunding of debt	33,271	41,876
Pension and OPEB deferrals	17,055	19,200
Asset Retirement Obligations	62,101	62,204
TOTAL DEFERRED OUTFLOWS OF RESOURCES	112,427	123,280
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,151,984	\$ 1,195,860

COMBINED STATEMENTS OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	June 30,	
	2019	2018 (Restated)
	(in thousands)	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 38,887	\$ 22,020
Member advances	1,380	1,068
Operating reserves	21,995	21,328
Current portion of long-term debt	33,340	42,335
Accrued interest payable	7,742	8,638
TOTAL CURRENT LIABILITIES	103,344	95,389
NON-CURRENT LIABILITIES		
Net pension and OPEB liabilities	66,126	76,002
Operating reserves and other deposits	126,551	126,239
Interest rate swap liability	14,613	11,109
Asset Retirement Obligations	65,155	63,713
Long-term debt, net	647,273	694,597
TOTAL NON-CURRENT LIABILITIES	919,718	971,660
TOTAL LIABILITIES	1,023,062	1,067,049
DEFERRED INFLOWS OF RESOURCES		
Regulatory credits	84,744	87,548
Pension and OPEB deferrals	5,802	3,195
TOTAL DEFERRED INFLOWS OF RESOURCES	90,546	90,743
NET POSITION		
Net investment in capital assets	(45,572)	(61,207)
Restricted for:		
Debt service	47,110	59,140
Other programs	2,133	1,235
Unrestricted	34,705	38,900
TOTAL NET POSITION	38,376	38,068
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,151,984	\$ 1,195,860

**COMBINED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

**NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS**

	Years Ended June 30,	
	2019	2018 (Restated)
	(in thousands)	
OPERATING REVENUES		
Participants	\$ 369,885	\$ 383,271
Other Third-Party	329,281	179,121
TOTAL OPERATING REVENUES	699,166	562,392
OPERATING EXPENSES		
Purchased power	298,508	224,197
Operations	99,990	75,714
Transmission	180,633	137,251
Depreciation	30,844	30,915
Maintenance	26,836	21,497
Administrative and general	19,304	21,140
TOTAL OPERATING EXPENSES	656,115	510,714
NET OPERATING REVENUES	43,051	51,678
NON OPERATING (EXPENSES) REVENUES		
Interest expense	(39,291)	(34,728)
Interest income	10,447	1,245
Other	8,070	7,924
TOTAL NON OPERATING EXPENSES	(20,774)	(25,559)
FUTURE RECOVERABLE AMOUNTS	(7,791)	(11,797)
REFUNDS TO PARTICIPANTS	(14,178)	(10,314)
INCREASE (DECREASE) IN NET POSITION	308	4,008
NET POSITION, Beginning of year	38,068	34,060
NET POSITION, End of year	\$ 38,376	\$ 38,068

COMBINED STATEMENTS OF CASH FLOW

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	Years Ended June 30,	
	2019	2018 (Restated)
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from participants	\$ 368,107	\$ 382,264
Received from others	332,238	178,886
Payments for employee services	(41,848)	(38,700)
Payments to suppliers for goods and services	(568,618)	(439,070)
NET CASH FLOWS FROM OPERATING ACTIVITIES	89,879	83,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and sales of investments	111,768	99,449
Interest received on cash and investments	4,928	3,246
Purchase of investments	(116,238)	(129,244)
NET CASH FLOWS FROM INVESTING ACTIVITIES	458	(26,549)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of electric plant	(2,348)	(2,411)
Interest paid on long-term debt	(31,234)	(33,954)
Principal repayment on long-term debt	(42,335)	(39,830)
Proceeds from bond issues	43,158	117,438
Payments to refund debt	(53,987)	(117,714)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(86,746)	(76,471)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Other proceeds	7,653	7,906
Refunds to participants	(14,178)	(10,314)
NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(6,525)	(2,408)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,934)	(22,048)
CASH AND CASH EQUIVALENTS		
Beginning of year	103,996	126,044
End of year	\$ 101,062	\$ 103,996

COMBINED STATEMENTS OF CASH FLOW-Continued

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

	Years Ended June 30,	
	2019	2018 (Restated)
	(in thousands)	
RECONCILIATION OF NET OPERATING REVENUES TO		
NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 43,051	\$ 51,678
Adjustments to reconcile net operating revenues to net cash from operating activities:		
Depreciation	30,844	30,915
	73,895	82,593
CASH FLOWS IMPACTED BY CHANGES IN		
Accounts receivable	(118)	3,900
Inventory, prepaid expense, and unused vendor credits	748	(263)
Operating reserves and other deposits	979	7,045
Member advances	312	75
Regulatory credits	(2,804)	(1,549)
Accounts payable and other liabilities	16,867	(8,421)
NET CASH FROM OPERATING ACTIVITIES	\$ 89,879	\$ 83,380
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO		
STATEMENTS OF NET POSITION		
Cash and cash equivalents - current assets	\$ 43,427	\$ 38,561
Cash and cash equivalents - restricted assets	57,635	65,435
End of year	\$ 101,062	\$ 103,996
NON-CASH TRANSACTIONS:		
Future recoverable/(refundable) costs	\$ (7,791)	\$ (11,797)
Amortization	(6,218)	(6,783)
Hydro swap change in fair value	3,504	(4,064)
Gain/loss on investments	(663)	(664)

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE A -- ORGANIZATION

The Agency Northern California Power Agency (Agency) was formed in 1968 as a joint powers agency of the State of California. The membership consists of twelve cities with publicly-owned electric utility distribution systems, one port authority, a transit authority, one public utility district, and one associate member. The Agency is generally empowered to purchase, generate, transmit, distribute, and sell electrical energy. Members participate in the projects of the Agency on an elective basis.

Various legal and tax considerations caused the Agency to provide that separate Special District Entities should be delegated by the Agency to own the geothermal electrical generating projects undertaken by the Agency ("the Associated Power Corporations"). The Associated Power Corporations, Northern California Municipal Power Corporations Nos. Two and Three, have delegated to the Agency the authority to construct, operate and manage their respective geothermal plants and related assets. The Agency, in return for financing the costs of acquisition and construction, acquires all the capacity and energy generated by the plants. See Note E – Projects and Related Financing.

The Agency is governed by a Commission comprised of one representative for each member. The Commission is responsible for the general management of the affairs, property, and business of the Agency. Under the direction of the General Manager, the staff of the Agency is responsible for providing various administrative, operating, and planning services for the Agency.

NOTE B -- SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Principles of Combination For accounting purposes, the Agency is a special-purpose governmental entity that is engaged in a business-type activity, principally as a supplier of wholesale electricity and transmission to its member participants. As such, the Agency's financial statements are presented as an enterprise type fund.

The records of the Agency and its Associated Power Corporations are maintained substantially in accordance with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts. Accounting principles generally accepted in the United States of America are applied by the Agency in conformance with pronouncements of the Governmental Accounting Standards Board (GASB). The combined financial statements encompass the Agency and Associated Power Corporations on an accrual accounting basis. All significant intercompany balances and transactions have been eliminated from the combined amounts reported.

Cash and Cash Equivalents Cash and cash equivalents include all debt instruments purchased with an original maturity of 90 days or less, all investments in the Local Agency Investment Fund (LAIF) and in the California Asset Management Program (CAMP), and cash maintained in interest-bearing depository accounts, which are fully insured or collateralized in accordance with state law. Cash balances may be invested in either overnight repurchase agreements, which are fully collateralized by U.S. Government Securities, or in money market funds invested in short-term U.S. Treasury Securities. The Agency commingles operating cash for investment purposes only. Separate detailed accounting records are maintained for each account's related investments. All cash of the Agency is held by either the Agency's custodian or its primary bank and revenue bond trustee.

Custodial credit risk for cash deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 110% to 150% of the Agency's cash on deposit. All of the Agency's deposits are either insured by the Federal Depositary Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Investments The Agency's investments are reported at fair value. Realized and unrealized gains and losses are included in interest income in the Statement of Revenue, Expenses and Changes in Net Position.

Accounts Receivable Accounts Receivable consists primarily of amounts due from participants and other governmental entities related to sales of energy and transmission. Amounts are deemed to be collectible and as such, no allowance for uncollectible accounts has been recorded.

Inventory and Supplies Inventory and supplies consist primarily of spare parts for the maintenance of plant assets and are stated at average cost.

Restricted Assets Cash and cash equivalents, investments and related accrued interest, which are restricted under terms of certain agreements, trust indentures or Commission actions limiting the use of such funds, are included in restricted assets.

Electric Plant Electric plant in service is recorded at historical cost. The cost of additions, renewals and betterments are capitalized; repairs and minor replacements are charged to operating expenses as incurred. The original cost of property retired, net of removal and salvage costs, is charged to accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets. The provision for depreciation was approximately 0.2% of the average electric plant in service for the Agency during both 2019 and 2018. Depreciation is calculated using the following estimated lives:

Generation and Transmission	25 to 42 years
General Plant	5 to 25 years
Furniture and Fixtures	10 years
Transportation Equipment	5 years
Computer and Electronic Equipment	5 years

A summary of changes in electric plant for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
	(in thousands)			
Structures and Leasehold Improvements	\$ 320,734	\$ 9	\$ -	\$ 320,743
Reservoirs, Dams and Waterways	249,338	-	-	249,338
Equipment	759,264	1,601	(241)	760,624
Furniture and Fixtures	3,340	376	-	3,716
	1,332,676	1,986	(241)	1,334,421
Accumulated Depreciation	(973,466)	(30,844)	241	(1,004,069)
	359,210	(28,858)	-	330,352
Construction Work-In-Progress	182	-	-	182
Land and Land Rights	171,945	-	-	171,945
Electric Plant, Net	\$ 531,337	\$ (28,858)	\$ -	\$ 502,479

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

A summary of changes in electric plant for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
	(in thousands)			
Structures and Leasehold Improvements	\$ 319,378	\$ 1,356	\$ -	\$ 320,734
Reservoirs, Dams and Waterways	249,338	-	-	249,338
Equipment	758,026	1,400	(162)	759,264
Furniture and Fixtures	3,046	294	-	3,340
	1,329,788	3,050	(162)	1,332,676
Accumulated Depreciation	(942,713)	(30,915)	162	(973,466)
	387,075	(27,865)	-	359,210
Construction Work-In-Progress	821	75	(714)	182
Land and Land Rights	171,945	-	-	171,945
Electric Plant, Net	\$ 559,841	\$ (27,790)	\$ (714)	\$ 531,337

Construction Work-In-Progress Construction work-in-progress (CWIP) includes the capitalized cost of land, material, equipment, labor, interest (net of interest income), certain other financing costs incurred to facilitate the projects and an allocated portion of general and administrative expenses related to the development of electric plant. In addition, CWIP ultimately includes costs incurred during the test and start-up phase of projects prior to commencement of commercial operations.

Regulatory Assets/Credits In accordance with GASB Statement No. 62, the Agency has deferred certain items of expense and revenue that otherwise would have been charged to operations because it is probable that such items will be recovered in future years' operations. For items related to Net Pension and OPEB Liabilities, the Agency expects to recover these items through participant collections using the actuarially calculated amounts as represented in the respective annual and biennial actuarial valuation reports. For other regulatory items, the Agency expects to recover these items through participant collections over the term of the related debt obligations it has issued. On an ongoing basis, the Agency reviews its operations to determine the continued applicability of these deferrals under GASB Statement No. 62.

The items of expense that have been deferred are net pension and OPEB liabilities, asset retirement obligations and those originally paid from bond proceeds, including depreciation, certain bond amortizations, and interest paid from bond proceeds. These amounts are recorded to future recoverable amounts. Revenues used to acquire electric plant have also been deferred to future years. As of June 30, 2019 and 2018, the Agency had accumulated regulatory assets, net of regulatory credits, of approximately \$138,959,000 and \$143,599,000, respectively.

Investment in Associated Company Effective June 2018, the Agency invested \$265,000 (20% interest) into Hometown Connections Inc. (a not-for-profit corporation) (HCI). HCI is a national service corporation that provides consulting, management and metering services to public power utilities on a national level. This investment is accounted for using the equity method of accounting.

Debt Related Costs Debt issuance costs are expensed as incurred. Excess costs on refunding of bonds are considered deferred outflows of resources as prescribed by GASB Statement No. 65 and amortized over the life of the refunding bonds, or the life of the refunded bonds, whichever is shorter. Amortization is computed using the effective interest method and included in interest expense.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Compensated Absences Accumulated unpaid compensated absences are accrued as the obligation is incurred. Compensated absences are included in accounts payable and accrued expenses.

Pensions For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the Agency's CalPERS plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB) For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of the Agency's California Employers' Retirement Benefit Trust (CERBT) Fund and additions to/deductions from Fund's fiduciary net position have been determined on the same basis as they are reported by CalPERS, the trust administrator. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Asset Retirement Obligations (ARO) For purposes of measuring the ARO liability, and deferred outflows of resources related to ARO, information about the estimated costs have been determined by utilizing third party projections. Cost estimates are adjusted for inflation or deflation on an annual basis. Factors relating to estimated asset retirement outlays are evaluated annually to determine if one or more factors are expected to result in a significant change and if an ARO should be remeasured as a result. Deferred outflows of resources are reduced and recognized as an expense over the estimated life of the capital assets.

Long-Term Debt Long-term debt is stated net of unamortized discounts and premiums. Discounts and premiums are amortized over the term of the related obligation using the effective interest method. Amortization of debt discounts and premiums is included in total interest expense for the period. See Note E - Projects and Related Financing.

Operating Reserves The Agency has established various funded operating reserves, in accordance with various bond indentures, project agreements, and prudent utility practice, for anticipated periodic operating costs and related liabilities including, but not limited to, scheduled maintenance other than ordinary repairs and replacements. Certain amounts funded each year are charged to operating expense because the collections established by the Agency for power sales to its members include these costs on a prospective basis. Changes to operating reserve levels are periodically evaluated during the annual budgeting process. A non-project specific, individual participant controlled, general operating reserve is also maintained for participating Agency members.

Rates Power sales to participants for their resale include both power generated by operating plants and power purchased from outside sources. Collection rates for power sales are designed to recover costs that include budgeted annual operating costs and debt service. Additional amounts for operating reserves or rate stabilization may be included in collection rates under the terms of bond indentures. During fiscal years 2019 and 2018, no amounts were specifically collected for rate stabilization.

The Agency's collection rates for electric service are not subject to the regulatory jurisdiction of the California Public Utilities Commission (CPUC) or FERC. Rather, the Agency's rates are established annually in connection with its budget, which is approved by its governing Commission.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Power, Transmission and Fuel Forward Transactions In the normal course of its business, the Agency is required to manage loads, resources, and energy price risk on behalf of its members. Consequently, the Agency buys and sells power, transmission, and fuel in wholesale markets as required. The Agency does not enter into such agreements solely for trading purposes. All such transactions are normal purchases and sales subject to settlement at the agreed to contract prices for quantities delivered. While authorized to transact forward purchase contracts for terms of up to five years, forward contract purchases at fiscal year ended June 30, 2019 were for periods not greater than four years duration beyond the current fiscal year. In the event of default, undelivered transactions are required to be marked-to-market subject to the following limitations. If the Agency, as buyer, is the defaulting entity, the Agency's termination settlement amount is capped at the agreed to contract cost for all future undelivered commodities. If the selling counterparty is the defaulting entity, the seller's termination settlement is not capped for all future undelivered commodities. The defaulting entity is also subject to resultant transmission charges, brokerage fees, attorney fees, and all other reasonable expenses. See Note H - Commitments and Contingencies, Power Purchase Contracts.

Fair Values of Financial Instruments The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents - The carrying amount reported in the statements of net position for cash and cash equivalents approximates its fair value.

Investments - The fair values for investments are based on quoted market prices and significant other observable inputs. See Note C - Investments.

Swaps - The fair values take into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that were received. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. While the current net mark-to-market values are negative, this valuation would be realized only if the swaps were terminated at the valuation date.

Net Position The Agency classifies its net position into three components; invested in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component consists of capital assets, net of accumulated depreciation reduced by outstanding debt balances, net of unspent bond proceeds.

Restricted - This component consists of net position with constraints placed on their use. Constraints include those imposed by debt indentures and other agreements; grants, laws and regulations of other governments or by the Agency's governing Board of Commissioners.

Unrestricted - This component consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The Agency and the Associated Power Corporations are intended to operate on a not-for-profit basis. Therefore, any balance of net position represents differences between total revenues collected, using collection rates based on estimated operating expenses and debt service, and the total actual expenses incurred. In subsequent periods of operation, excess collections (net of encumbrances) that the participating members do not direct be held by or released to the Agency, are refunded to the participating members. Estimated encumbrances at June 30, 2019 and 2018 were \$1,857,000 and \$2,452,000, respectively. In the event the Agency incurs a negative net position balance, the balance would be subject to recovery in collection rates under the terms of the related take-or-pay member agreements. See Note E – Projects And Related Financing.

Deferred Outflows and Inflows of Resources The statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred Outflows of Resources consist of excess cost on refunding of debt, pension and OPEB deferrals and asset retirement obligations. Pension contributions made in the current year are reported as deferred outflows of resources as the CalPERS' valuation measurement date is June 30, 2017; those contributions were expensed in fiscal year 2019.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period(s) and will be recognized as revenue at that time. The Agency's deferred inflows of resources are comprised of regulatory credits intended to offset the effects of the collection rate process, pension and OPEB deferrals projected in the pension and OPEB actuarial reports and funds advanced for asset retirement obligations.

Recent Accounting Pronouncements In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*, effective for financial statements for years beginning after June 15, 2018. The Agency elected to adopt this statement as of July 1, 2017. This statement requires the Agency to add additional note disclosures for debt, including direct borrowings and direct placements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for financial statements for years beginning after June 15, 2018. This statement requires governments to recognize a liability for legal obligations to perform future asset retirement activities related to tangible capital assets.

Accounting Pronouncements Effective in Future Fiscal Years

- **GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for the periods beginning after December 15, 2018, or fiscal year 2020. The Agency has not determined the effect of the statement.
- **GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of the Statement is to recognize in the Financial Statements certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement is effective for the periods beginning after December 15, 2019, or the fiscal year 2021. The Agency has not determined the effect of the statement.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

- **GASB Statement No. 89** – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of the Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Statement is effective for the periods beginning after December 15, 2019, or fiscal year 2021. The Agency has not determined the effect of the statement.
- **GASB Statement No. 90** – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest*. The objective of the Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for the periods beginning after December 15, 2018, or fiscal year 2020. The Agency has not determined the effect of the statement.
- **GASB Statement No. 91** – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of the Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement is effective for the periods beginning after December 15, 2020, or fiscal year 2022. The Agency has not determined the effect of the statement.

Use of Estimates in the Preparation of Financial Statements The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no effect on net position.

NOTE C -- INVESTMENTS

The Agency is authorized to invest in obligations of the U.S. Government and its agencies and instrumentalities, in certificates of deposit, commercial paper, banker's acceptances, repurchase agreements, passbook savings account demand deposits, municipal bonds, the State Treasurer's LAIF pool, mid-term corporate notes, and in other instruments authorized by applicable sections of the Government Code of the State of California. The Agency's investments are stated at fair value.

The Agency's investment policy requires investments that assure safety of the principal, liquidity to meet specific obligations of the Agency when due, and investment quality all in compliance with California State law and the Agency's revenue bond indentures. Generally, operating and reserve funds investment maturities are limited to one and five years, except for Geothermal Decommissioning Reserve and debt service reserve funds, which are allowed maturities up to ten years and fifteen years, respectively. All U.S. Government and U.S. Government Agency securities held by the Agency are either in effect or actually AA rated.

All securities owned by, or held on behalf of, the Agency are held by either the Agency's custodian, Union Bank of California, N.A., or its revenue bond trustee, U.S. Bank Trust, N.A.

The Agency's investment policy includes restrictions for investments relating to maximum amounts invested as a percentage of the portfolio and with a single issuer, maximum maturities, and minimum credit ratings.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Credit Risk To mitigate the risk that an issuer will not fulfill its obligation to the investment, the Agency limits investments to those rated, at a minimum, A or equivalent for long/medium term notes by a nationally recognized statistical rating organization. Investments in corporate bonds are limited to the top three ratings issued by nationally recognized statistical rating organizations and all investments must be investment grade. Credit rating ranges for medium term corporate notes as of June 30, 2019 and 2018 are listed below:

Nationally Recognized Statistical Rating Agency	Credit Rating Range
Standard & Poor's	A-/AAA
Moody's	NR/Aaa

Custodial Credit Risk This is the risk that in the event of a failure of a depository financial institution, the Agency's deposits may not be returned or the Agency will not be able to recover its deposits, investments, or collateral securities that are in the possession of another party. The Agency's policy mitigates this risk by requiring transactions with approved institutions and firms that have one or more of the following attributes: recognized as a primary government dealer as designated by the Federal Reserve Bank; regional broker/dealer headquartered in the State of California; national or state chartered bank that must be a member of the FDIC; direct issuer of securities eligible for purchase by the Agency; brokers and dealers qualify under SEC Rule 15C3-1 (Uniform Net Capital Rule), must be registered with the Financial Industry Regulatory Authority (FINRA) and must be licensed to do business in the State of California. Capitalization, credit worthiness, experience, reference checks and services offered criteria are evaluated when selecting a custodian.

Concentration of Credit Risk This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The investment policy of the Agency contains no limitations on the amount that may be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total Agency investments include the following at June 30, 2019 and June 30, 2018.

Concentration of Credit Risk, June 30, 2019

Issuer:	Investment Type	Reported Amount	Percentage of Portfolio
Federal National Mortgage Association	Federal Agency	16,189,353	8.2%
Federal Home Loan Mortgage Corp.	Federal Agency	35,727,746	18.2%
Federal Farm Credit Bank	Federal Agency	31,207,530	15.9%
Federal Home Loan Bank	Federal Agency	48,928,948	24.9%

Concentration of Credit Risk, June 30, 2018

Issuer:	Investment Type	Reported Amount	Percentage of Portfolio
Federal National Mortgage Association	Federal Agency	44,194,177	23.2%
Federal Home Loan Mortgage Corp.	Federal Agency	37,424,182	19.6%
Federal Farm Credit Bank	Federal Agency	32,732,318	17.2%
Federal Home Loan Bank	Federal Agency	42,506,166	22.3%

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Interest Rate Risk Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. The Agency manages its exposure to interest rate risk by following a hold-to-maturity investment approach for some investments, purchasing a combination of shorter and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. In addition, the Agency periodically rebalances larger fund portfolios to maintain the appropriate rate of return through market cycles; such rebalances are performed only in instances when the result of the rebalance transaction is a net gain.

The following tables reflect the carrying and fair values and the weighted average maturity in years for the Agency's investment portfolios for fiscal years ended June 30, 2019 and 2018, respectively.

Investments at June 30, 2019

<u>Description</u>	Carrying Value	Fair Value	Wtd.Avg Maturity (In years)
	(in thousands)		
U.S. Agencies	\$ 132,128	\$ 132,054	2.34
U.S. Treasury	2,323	2,325	0.17
Corporate Bonds	60,984	62,439	3.29
TOTAL INVESTMENTS	\$ 195,435	\$ 196,818	

Investments at June 30, 2018

<u>Description</u>	Carrying Value	Fair Value	Wtd. Avg Maturity (In years)
	(in thousands)		
U.S. Agencies	\$ 160,079	\$ 156,857	2.12
U.S. Treasury	1,594	1,591	0.45
Corporate Bonds	32,685	32,345	4.29
TOTAL INVESTMENTS	\$ 194,358	\$ 190,793	

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE D -- FAIR VALUE MEASUREMENT

In accordance with GASB 72, Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability.

Valuation inputs are assumptions that market participants use in pricing an asset or liability. The hierarchy of inputs used to generate the valuation is classified into three different Levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
- Level 2 inputs include quoted prices for similar assets or liabilities in markets that are active; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for an asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs from the asset or liability where there is very little market activity and they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

The Agency's fair value measurements are performed on a recurring basis. Because investing is not a core part of the Agency's mission, the Agency determines that the disclosures related to these investments only need to be disaggregated by major type. The fair value of swaps reflect the nonperformance risk of their client counterparty relating to that liability, and the nonperformance risk of the bank counterparty relating to that asset.

Fair Value of Investments under GASB 72 – Debt and other securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Level 2 Securities are valued using a multi-dimensional relationship model or matrix pricing model utilizing market data including, but not limited to, benchmark yields, reported trades, and broker/dealer quotes.

Fair Value of Swaps under GASB 72 – Fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of a given transaction. The valuations of derivatives transactions provided are indicative values based on mid-market levels as of June 30, 2019. These valuations do not represent the actual terms at which new transactions could be entered into or the actual terms at which existing transactions could be liquidated. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions for interest rate swaps. The observability of inputs used to perform the measurement results in the swap fair values being categorized as Level 2.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The Agency has the following fair value measurements as of June 30, 2019:

		Fair Value Using (thousands)		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	June 30, 2019			
Investments by fair value level				
Debt Securities				
U.S agencies	\$ 132,054	\$ 35,434	\$ 96,620	\$ -
U.S treasury	2,325	2,325	-	-
Corporate Bonds	62,439	-	62,439	-
Total debt securities	196,818	37,759	159,059	-
Total investments by fair value level	\$ 196,818	\$ 37,759	\$ 159,059	\$ -
Derivative Instruments by fair value level				
Swap liability instruments	\$ (14,613)	\$ -	\$ (14,613)	\$ -
Total Derivative Instruments by fair value level	\$ (14,613)	\$ -	\$ (14,613)	\$ -

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The Agency had the following fair value measurements as of June 30, 2018:

		Fair Value Using (thousands)		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	June 30, 2018			
Investments by fair value level				
Debt Securities				
U.S agencies	\$ 156,857	\$ 34,810	\$ 122,047	\$ -
U.S treasury	1,591	1,591	-	-
Corporate Bonds	32,345	-	32,345	-
Total debt securities	190,793	36,401	154,392	-
Total investments by fair value level	\$ 190,793	\$ 36,401	\$ 154,392	\$ -
Derivative Instruments by fair value level				
Swap liability instruments	\$ (11,109)	\$ -	\$ (11,109)	\$ -
Total Derivative Instruments by fair value level	\$ (11,109)	\$ -	\$ (11,109)	\$ -

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE E -- PROJECTS AND RELATED FINANCING

Financing Programs The Agency's project construction and development programs have been individually financed by project revenue bonds that are collateralized by the Agency's assignment of all payments, revenues, and proceeds associated with its interest in each project. Each project participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, reduction or curtailment of output from the project for any reason (that is, the take-or-pay member agreements).

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
	(in thousands)				
Geothermal Project					
2009 Series A - Original Issue Amount \$35,610 Serial, 4.00-5.50% through 2025	\$ 5,220	\$ -	\$ 2,545	\$ 2,675	\$ 2,675
2012 Series A - Original Issue Amount \$12,910 Term, 2.289% due 2023	6,285	-	1,340	4,945	1,375
2016 Series A - Original Issue Amount \$17,530 Term, 1.670% due 2024	17,265	-	365	16,900	370
	28,770	-	4,250	24,520	4,420
Hydroelectric Project - Original Issue Amount \$195,610					
1992 Refunding Series A Term, 6.30% due 2019	12,155	-	12,155	-	-
2008 Refunding Series A - Original Issue Amount \$85,160 Term, adjustable rate-weekly reset, due 2033	85,160	-	-	85,160	1,520
2008 Refunding Series B (Taxable) - Original Issue Amount \$3,165 Term, adjustable rate-weekly reset, due 2021	1,235	-	1,235	-	-
2010 Refunding Series A - Original Issue Amount \$101,260 Serial, 4.00-5.00% through 2024	62,975	-	62,975	-	-
2012 Refunding Series A - Original Issue Amount \$76,665 Serial, 5.00% through 2033	76,665	-	-	76,665	-
2012 Refunding Series B - Original Issue Amount \$7,120 Serial, 4.32% through 2025	7,120	-	-	7,120	-
2018 Refunding Series A - Original Issue Amount \$68,875 Serial, 5.00% through 2025	68,875	-	-	68,875	8,885
2018 Refunding Series B - Original Issue Amount \$1,340 Serial, 4.32% through 2025	1,340	-	-	1,340	1,340
2019 Refunding Series A - Original Issue Amount \$39,250 Serial, 4.00-5.00% through 2025	-	39,250	-	39,250	940
Add: Unamortized Premium, net	15,742	3,908	3,122	16,528	-
Total Hydroelectric Project	\$ 331,267	\$ 43,158	\$ 79,487	\$ 294,938	\$ 12,685

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Capital Facilities Project – Original Issue Amount \$55,120					
2010 Refunding Series A					
Serial, 2.00-5.25% through 2026	\$ 33,640	\$ -	\$ 3,995	\$ 29,645	\$ 4,195
Add: Unamortized Premium	582	-	162	420	-
Total Capital Facilities Project	34,222	-	4,157	30,065	4,195
Lodi Energy Center, Issue One					
2010 Series A - Original Issue Amount \$78,330					
Serial, 3.00-5.00% through 2020	12,125	-	5,915	6,210	6,210
2010 Series B (Federally Taxable - Direct Payment Build America Bonds) - Original Issue Amount \$176,625					
Term, 7.311% due 2040	176,625	-	-	176,625	-
Lodi Energy Center, Issue Two					
2010 Series A - Original Issue Amount \$30,540					
Serial, 3.00-5.00% through 2019	4,960	-	4,960	-	-
2010 Series B (Federally Taxable - Direct Payment Build America Bonds) - Original Issue Amount \$110,225					
Term, 4.63% due 2020	5,210	-	-	5,210	5,210
Term, 5.679% due 2035	105,015	-	-	105,015	-
Lodi Energy Center, Issue One					
2017 Series A – Original Issue Amount \$38,970					
Serial, 2.70% through 2025	38,635	-	605	38,030	620
Add: Unamortized Premium	103	-	103	-	-
Total Lodi Energy Center Project	342,673	-	11,583	331,090	12,040
Total Long-Term Debt, Net	\$ 736,932	\$ 43,158	\$ 99,477	\$ 680,613	\$ 33,340

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Debt service requirements for each of the next five years and in five-year cumulative increments thereafter as of June 30, 2019:

		Notes from Direct								
		Revenue Bonds		Placements						
		Principal		Interest		Total				
		(in thousands)								
2020	\$	30,975	\$	35,603	\$	2,365	\$	1,251	\$	70,194
2021		30,580		34,426		11,745		1,199		77,950
2022		31,865		32,570		12,005		951		77,391
2023		33,485		30,601		11,505		698		76,289
2024		39,240		28,408		11,005		464		79,117
2025-2029		168,190		111,577		11,250		235		291,252
2030-2034		174,935		62,787		-		-		237,722
2035-2039		78,545		22,090		-		-		100,635
2040		15,975		1,168		-		-		17,143
Add: Unamortized Bond Premium		16,948		-		-		-		16,948
	\$	620,738	\$	359,230	\$	59,875	\$	4,798		\$ 1,044,641

Interest includes interest requirements for fixed rate debt at their stated rate and variable rate debt covered by interest rate swaps at their fixed swap rate.

Changes in long-term debt obligations for the year ended June 30, 2019, are as follows:

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019	Due Within One Year
	(in thousands)				
Revenue bonds	\$ 658,320	\$ 39,250	\$ 93,780	\$ 603,790	\$ 30,975
Notes from direct placements	62,185	-	2,310	59,875	2,365
Add: Unamortized Premium, net	16,427	3,908	3,387	16,948	-
Total	\$ 736,932	\$ 43,158	\$ 99,477	\$ 680,613	\$ 33,340

The Agency's outstanding notes from direct placements of \$59,875 contain provisions that in an event of default, outstanding amounts become immediately due if (1) the Agency is unable to pay the principal or interest when due, (2) files bankruptcy or becomes insolvent, or (3) S&P issues a downgrade below "BBB-."

Redemption Provisions As set forth in the bond indentures, the term bonds are subject to redemption prior to maturity in varying amounts at specific dates. At the option of the Agency, the bonds are also subject to early redemption at specific redemption prices and dates.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Defeased Debt Various bond refundings were undertaken to defease debt and realize future debt service savings. Debt was defeased by using the proceeds of the refunding issues and other available monies to irrevocably place in trust cash and U.S. Government Securities, which together with interest earned thereon, will be sufficient to pay both the interest and the appropriate maturity or redemption value of the refunded bonds as required. Detailed information about the refunding transactions follow.

On April 2, 2019, the Agency issued Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A, in the amount of \$39,250,000 with an average interest rate of 4.9126% to refund \$52,845,000 of outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A with an average interest rate of 4.9003%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position.

The cash flow requirements on the old bonds prior to the refunding was \$52,959,312 from July 1, 2018 through July 1, 2023. The cash flow requirements on the new bonds are \$44,871,942 from July 1, 2018 through July 1, 2023. The refunding resulted in an economic gain of \$3,616,515.

On April 4, 2018, the Agency issued Hydroelectric Project Number One Revenue Bonds, 2018 Refunding Series A and B, in the amount of \$70,215,000 with an average interest rate of 4.9839% to refund \$77,130,000 of outstanding Hydroelectric Project Number One Revenue Bonds, 2008 Refunding Series C with an average interest rate of 4.9958%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position.

The cash flow requirements on the old bonds prior to the refunding was \$92,246,125 from July 1, 2018 through July 1, 2024. The cash flow requirements on the new bonds are \$83,907,340 from July 1, 2018 through July 1, 2024. The refunding resulted in an economic gain of \$7,759,171.

On December 20, 2017, the Agency issued Lodi Energy Center Revenue Refunding Bonds, Issue One 2017 Series A, in the amount of \$38,970,000 with an average interest rate of 2.2700% to advance refund \$36,020,000 of outstanding Lodi Energy Center Revenue Bonds, Issue One, 2010 Series A with an average interest rate of 4.9400%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position.

The cash flow requirements on the old bonds prior to the advance refunding was \$46,101,000 from June 1, 2018 through June 1, 2025. The cash flow requirements on the new bonds are \$43,691,674 from June 1, 2018 through June 1, 2025. The refunding resulted in an economic gain of \$2,215,579.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Accordingly, some of these defeased debt issues have been considered extinguished for financial reporting purposes. At year-end, the following defeased debt remained outstanding:

		2019	2018
		(in thousands)	
Hydroelectric:	Project No. One, 1985 Series A	\$ 12,150	\$ 12,150
	Project No. One, 1986 Series A	31,360	31,360
	Project No. One, 2008 Series C	-	77,130
	Project No. One, 2010 Series A	52,845	-
		96,355	120,640
LEC:	Issue One, 2010 Series A	36,020	36,020
	Total Defeased Debt Outstanding	\$ 132,375	\$ 156,660

Geothermal Project In addition to a federal geothermal leasehold, steam wells, gathering system and related facilities, the project consists of two electric generating stations (Plant 1 and Plant 2) with combined 165 MW (nameplate rating) turbine generator units utilizing low temperature geothermal steam; associated electrical, mechanical and control facilities; a heat dissipation system; a steam gathering system, a transmission tap-line, and other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes well pads, access roads, steam wells and re-injection wells.

Hydroelectric Project The Agency contracted to finance, manage, construct, and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, the Agency has the right to the electric output of the project for 50 years from February 1982. The Agency also has an option to purchase power from the project in excess of the District's requirements for the subsequent Federal Energy Regulatory Commission project license term of 30 to 50 years.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

As part of a refinancing plan in November 2004, the Agency entered into two forward starting interest rate swaps in an initial notional amount of \$85,160,000 and \$1,574,000. Payments under the swap agreements with Citigroup Financial Products, Inc. began on April 2, 2008. To complete the refinancing transaction and realize the debt service savings under the 2004 swap agreement, on April 2, 2008 the Agency completed a bond refunding of 2023 to 2032 maturities of the 1998 Hydroelectric Refunding Series A bonds. These fixed rate bonds were refinanced through the issuance of tax-exempt 2008 Hydroelectric Refunding Series A (\$85,160,000) bonds and taxable 2008 Hydroelectric Refunding Series B (\$3,165,000) bonds. Both issues were variable interest rate bonds bearing interest at weekly interest rates, payable semi-annually on July 1 and January 1 each year.

To support this financing, the Agency entered into two irrevocable direct pay letter of credit agreements with Citibank that have since expired, being substituted with letters of credit with the Bank of Montreal in 2014. On April 30th 2019, the Agency terminated the 2008 Hydroelectric, Series B swap with Citigroup, and on May 14th, the outstanding principal of \$910,000 on the 2008 Hydroelectric, Series B bonds was called for redemption. On June 24th, 2019 the agency completed a Letter of Credit substitution for the 2008 Hydroelectric, Series A bonds replacing the Bank of Montreal with Bank of America. The Letter of Credit expires on June 21, 2024.

The payment of principal and interest on the outstanding 2008 Hydroelectric Refunding Series A (\$85,160,000) bonds are not covered by any financial guaranty insurance policies. This 2008 Hydroelectric Refunding and the associated interest rate swaps are estimated to have reduced project debt service by \$11.8 million over the next 24 years providing the Agency with an estimated economic gain (difference between the present values of the old and new debt service payments) of approximately \$5.9 million.

The remaining swap for the 2008 Hydroelectric Refunding Series A (\$85,160,000) is a separate pay-fixed, receive-variable interest rate swap to produce savings or to result in lower costs over the life of the transaction than what the Agency would have paid using fixed-rate debt. While the swap is a derivative instrument and carries additional risks, the Agency's swap policy and favorable negotiations have helped to reduce such risks.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

2008 Hydroelectric Refunding Revenue Bonds Forward Starting Swaps				
<u>Associated Interest Rate Swaps starting April 2, 2008</u>	<u>Series A</u>		<u>Series B (Taxable)</u>	
Counterparty to Interest Rate Swap	Citigroup Financial Products Inc.		Citigroup Financial Products Inc.	
Notional Value of Interest Rate Swap	\$ 85,160,000		\$ 0	
Fair Value--Due from (to) Counterparty	\$(14,613,128)		\$ 0	
Credit Downgrade Required Collateral Posting:				
For Counterparty, Fair Value Above	\$10 million		\$10 million	
If S&P or Moody's Credit Rating falls to	A-/A3 and BBB-/Baa3		A-/A3 and BBB-/Baa3	
For Agency (Credit of Agency's Insurer National Public Finance Guarantee formerly MBIA and NCPA credit), Fair Value Above	\$10 million		\$10 million	
If S&P or Moody's Credit Rating falls to	A+/A1		A+/A1	
Termination Date	July 1, 2032		June 24, 2019	
	<u>Terms</u>	<u>Rates</u>	<u>Terms</u>	<u>Rates</u>
Payments to (from) Counterparty	Fixed	3.819 %	Fixed	(0.000) %
Variable Payments (from) to Counterparty	54% LIBOR+.54%*	<u>(1.830) %</u>	100% of LIBOR*	<u>0.000 %</u>
Net Interest Rate Swap Payments		1.989 %		(0.000) %
Variable-Rate Bond Payments	SIFMA**	<u>1.277 %</u>	SIFMA**	<u>0.000 %</u>
Effective Interest Rate on Bonds		3.266 %		(0.000) %

Average to Date: *1-Month London Inter-Bank Offered Rate

**Securities Industry and Financial Market Association Municipal Swap Index (formerly the Bond
Market Association Municipal Swap Index)

The total fair value of outstanding swap instruments was a net liability of \$14,613,000 and \$11,109,000 at June 30, 2019 and June 30, 2018, respectively. These amounts are reported as a non-current liability. The interest rate swaps beginning in FY 2013 are both ineffective hedges and considered investment derivative instruments. The change in fair value was \$3.5 million and \$4.1 million for years ended June 30, 2019 and 2018, respectively and are recorded as interest expense in the Statement of Revenues, Expenses, and Changes in Net Position. The net settlement payments of interest on these investment derivative instruments total \$1.6 million and \$2.0 million, which is recorded as interest expense in the Statement of Revenues, Expenses, and Changes in Net Position for FY 2019 and FY 2018, respectively. The value of the swaps noted above reflects the estimated fair value of the swaps at June 30, 2019 and 2018 as determined by the Agency's financial advisor. The fair value of the swaps will change due to notional amount, amortizations, and interest rate changes.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The following swap agreement risks are common to all the interest rate swaps. The interest rate swaps expose the Agency to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates moving to convergence, the expected cost savings of the swap may not be realized. The Agency is exposed to interest rate risk on its pay-fixed, receive variable interest rate swaps. Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Agency's financial instruments or cash flows. As the LIBOR or SIFMA swap index decreases, the Agency's net payment on swaps increases. In addition, the Agency is exposed to interest rate risk if the counterparty to the swap defaults or if the swap is terminated. The Agency is also exposed to market access risk, the risk that it will not be able to enter credit markets or that credit will become more costly. The Agency's financial rating is tied to the credit strength of the major participants of the specific project for which each financial instrument is issued. The Agency is also exposed to market access risks caused by disruptions in the municipal bond market.

To mitigate the potential for credit risk, the swap counterparties are required by the agreement to post collateral should the fair value exceed certain thresholds as shown above. At June 30, 2019, credit ratings of the counterparties to the swaps were as follows:

Swap Counterparty & Agency's Insurer	Standard & Poor's	Moody's
Citigroup Financial Products Inc.	A+	Aa3
National Public Finance Guarantee formerly MBIA (the Agency's insurer)	NR	Baa2

The swaps utilized the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. However, an additional provision under the Schedule to the ISDA Master Agreement allows the swap to be terminated by the Agency if the counterparty's credit rating falls below A- by Standard & Poor's or A3 by Moody's. If a swap is terminated, the applicable bonds would no longer carry a synthetic fixed interest rate. In addition, if a swap has a negative fair value at the time of an early termination, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

Combustion Turbine Project The original project consisted of five combustion turbine units, each nominally rated at approximately 25 megawatts. Concurrent with the final project bond maturity, two units located in Roseville were acquired by an Agency member. The remaining project consists of two units in Alameda and one in Lodi. The project provides capacity during peak load periods and emergency capacity reserves. Excess capacity and energy from the project are also sold to other entities from time to time.

Capital Facilities Project The project consists of one 49.9 megawatt natural gas-fired steam injected combustion turbine generator unit located in Lodi, California. Wastewater is reclaimed from the City of Lodi's White Slough water pollution control facility, processed to eliminate contaminants, and heated to steam and used in the turbine to produce augmented power and emissions control.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Lodi Energy Center (LEC) The project is a 296 MW base load, combined cycle, natural gas-fired, combustion turbine generating station (one gas turbine and one steam turbine) located in Lodi, California, next to the Capital Facilities Project discussed above. Pursuant to the Lodi Energy Center Power Sales Agreement, the Agency agreed to operate the LEC and has sold all of the capacity and energy of the LEC to thirteen participants (including four non-members) in accordance with their respective Generation Entitlement Shares (GES). Each participant has agreed to unconditionally provide for its share of the operation and maintenance expenses and all capital improvements based on its GES. The LEC will be operated and maintained by the Agency under the direction of the LEC Project Management and Operations Agreement among the Agency and the LEC Project Participants.

Lodi Energy Center Revenue Bonds, Issue One provided financing for 11 project participants with 55.7857% GES. Lodi Energy Center Revenue Bonds, Issue Two provided financing for the California Department of Water Resources 33.5% GES. The Modesto Irrigation District elected to provide its own financing for its 10.7143% GES of the costs of construction of the project. Modesto Irrigation District is not liable for any Agency debt service obligations for the project.

The Issue One Series B and the Issue Two Series B bonds were issued as Taxable Subsidy Bonds constituting Build America Bonds (BABs) for the purposes of the American Recovery and Reinvestment Act of 2009. The Act provides for a direct payment to the Agency from the federal government equal to 35% of the interest costs. The direct payment was reduced by 6.2% in 2019 and 2018 due to federal government budget sequestration. Such payments may continue to be affected by sequestrations.

NOTE F – ASSET RETIREMENT OBLIGATION

NCPA constructed and operates generating plants, transmission, and other tangible assets that are used to provide its members with a portion of their power needs. For some of those assets, there are legally enforceable liabilities that require removal, disposal, remediation and other activities associated with their future retirement or with the termination of leases and licenses. The Agency has recognized Asset Retirement Obligations for those future asset retirement activities.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Restatement of Prior Year Balances

FY 2018 balances have been restated for the effect of implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations*. The Agency has restated its previously reported amounts for the year ended June 30, 2018 and the impact of the restatement are as follows:

	Year ended June 30, 2018 (in thousands)		
	<u>As restated</u>	<u>As previously reported</u>	<u>Restatement</u>
Deferred Outflows – Asset Retirement Obligations	\$ 62,204	\$ -	\$ 62,204
Operating Reserves and Other Deposits	(126,239)	(144,406)	18,167
Non-current Liabilities – Asset Retirement Obligations	(63,713)	-	(63,713)
Deferred Inflows – Regulatory Credits	(87,548)	(70,890)	(16,658)
Operating Revenues - Participants	(383,271)	(381,762)	(1,509)
ARO Expense	1,509	-	1,509

Geothermal Plant Decommissioning

The Agency developed the geothermal project (the “Geothermal Project”) located on federal land in certain areas of Sonoma and Lake Counties, California (the “Geysers Area”). In addition to the geothermal leasehold, wells, gathering system and related facilities, the Geothermal Project consists of two electric generating stations (Plant 1 and Plant 2), with combined 165 MW (nameplate rating) turbine generator units utilizing low pressure, low temperature geothermal steam, associated electrical, mechanical and control facilities, a heat dissipation system, a steam gathering system, a transmission tapline and other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes wellpads, access roads, steam wells and reinjection wells.

Steam for NCPA’s geothermal plants comes from lands in the Geysers Area, which are leased by NCPA from the federal government. NCPA operates these steam-supply areas. Operation of the geothermal plants at high generation levels, together with high steam usage by others in the same area, resulted in a decline in the steam production from the steam wells at a rate greater than expected. As a result, NCPA partnered with other geothermal operators in the Geysers Area to finance and construct the Southeast Geysers Effluent Pipeline Project, which was completed in September 1997 and began operating soon thereafter. With the reduced rate of steam production decline, the useful life of the plant and associated tangible assets is projected through fiscal year 2059.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Under terms of the federal geothermal leasehold agreements, which became effective August 1, 1974, the leasehold had a 10-year primary term with provision for renewal as long thereafter as geothermal steam is produced or utilized, but not longer than 40 years. At the expiration of that period, if geothermal steam was still being produced, NCPA had a preferential right to renew the leasehold for a second term. In 2013, NCPA renewed the leasehold. The leasehold also requires NCPA to remove its leasehold improvements including the geothermal plants and steam gathering system when and if NCPA abandons the leasehold. Additionally, the United States Department of the Interior and Bureau of Land Management State issued the License for Electric Power Plant Site Utilizing Geothermal Resources. The license requires that NCPA remove all structures, machinery, and other equipment and restore the land within one year following the termination of the license.

The Agency authorized a decommissioning study for the Geothermal Project, and Black and Veatch provided that study to NCPA in December 2016. The study included detailed cost estimates totaling approximately \$59.3 million (figures compiled prior to fiscal year 2016) for all retirement obligation activities. The study also projected the costs through 2020 using an Extrapolation Escalation Methodology for the following categories: 1) direct labor and subcontract costs less salvage value; 2) indirect costs; 3) construction equipment; 4) engineering and construction management; 5) and contingency. NCPA personnel then calculated the effective change between the escalated 2016 base and 2020 escalated costs to develop a composite escalation rate and assumed that the escalation rate was applicable evenly for each of the five years beginning in 2016; the resulting calculated annual escalation factor was 2.26%. The estimated retirement obligation costs for years ended June 30, 2019 and 2018 are \$64,820,000 and \$63,387,189, respectively. The annual retirement expense for years ended June 30, 2019 and 2018 are \$1,544,165 and \$1,509,219, respectively.

NCPA has been collecting monies to pay the expected decommissioning costs since 2007 and holds \$20.2 million in a restricted reserve for such purpose as of June 30, 2019. The initial ARO recognition included a reclassification of that reserve from a liability to the members to a deferred inflow that will be reduced as the decommissioning costs are funded in the future.

Lodi Energy Center and Capital Facilities Project Well Plugging

The agency owns and operates the Lodi Energy Center (LEC) and Capital Facilities projects located in Lodi, California.

The Lodi Energy Center is a 296 megawatt base load, combined cycle, natural gas-fired, combustion turbine generating station (one gas turbine and one steam turbine). The electric generation components (the "Power Island") of the Lodi Energy Center consists of the following components: (1) one natural gas-fired Siemens STGS-5000F combustion turbine-generator (CTG), with an evaporative cooling system and dry low-NOx combustors to control air emissions; (2) one 3-pressure heat recovery steam generator (HRSG), (3) a selective catalytic reduction (SCR) and carbon monoxide ("CO") catalyst to further control NOx and CO emissions, respectively; (4) one Siemens SST-900RH condensing steam turbine generator ("STG"); (5) one natural gas-fired auxiliary boiler; (6) one 7-cell draft evaporative cooling tower; and (7) associated support equipment. The Lodi Energy Center was placed into commercial operation on November 27, 2012. There is also a Class I Underground Injection Control Well, located at the West side of White Slough Water Treatment Plant at LEC. The useful life of the plant and associated tangible assets including the injection well is projected through fiscal year 2040.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The Capital Facilities Project consists of a natural gas-fired combustion turbine power generating station, Unit One, with a design rating of 49.9 MW located in the City of Lodi. Construction of the Project began in September 1993, with commercial operation commencing in 1996. The power generating station consists of a single natural gas-fired steam injected gas turbine, generator, and required auxiliary and electrical interconnection systems. Additionally, the STIG project includes a Class I Underground Injection Control Well, located at the West side of White Slough Water Treatment Plant. The useful life of the plant and associated tangible assets including the injection well is projected through fiscal year 2040.

The LEC and Capital Facilities projects are located on property owned by the City of Lodi (City). The Agency entered into the Second Amended and Restated Ground Lease by and between the City of Lodi (Landlord) and the Northern California Power Agency (Tenant), dated April 29, 2013. The agreement requires that upon termination of the lease, NCPA must abandon and close any and all injection wells utilized on the premises with the exception of the Southeast Corner Test Well, which is the responsibility of the City. Additionally, Federal Environmental Protection Agency (EPA) regulations set forth requirements in subpart F of 40 CFR part 144 for the Federal Underground Injection Control (UIC) program and the plugging of injection wells.

The Agency commissioned engineering firm AECOM to develop construction cost estimates for closing the wells. The firm's estimates were included in Exhibit Q-1, Plugging and Abandonment Plan, Stig-1 & LEC-1 in a 2019 EPA permit filing. The estimated cost of plugging the Lodi Entergy Center injection well totaled \$0.169 million, and the estimated cost of plugging the Capital Facilities injection well totaled \$0.149 million. The estimated costs are based on mobilization/demobilization, construction costs, contingency, and engineering and field oversight costs. The assumed escalation factor for these projects is 2.58% based on the 2018 Handy Handy-Whitman Index of Public Utility Construction Costs (Bulletin No. 187).

The estimated retirement obligation costs for the LEC well plugging is \$178,173 with an annual retirement obligation expense of \$7,756 for year ended June 30, 2019. The estimated retirement obligation costs for the LEC well plugging is \$173,690 with an annual retirement obligation expense of \$7,552 for year ended June 30, 2018. The estimated retirement obligation costs for the Capital Facilities Project well plugging is \$156,538 with an annual retirement obligation expense of \$6,814 for year ended June 30, 2019. The estimated retirement obligation costs for the Capital Facilities Project well plugging is \$152,599 with an annual retirement obligation expense of \$6,635 for year ended June 30, 2019.

Currently there are no assets restricted for payment of the injection well closures. To meet the legally required funding and assurance provisions of the injection well closures, NCPA files with the EPA annually. This filing includes a financial test to demonstrate financial assurance, as specified in subpart F of 40 CFR part 144.

NOTE G -- RETIREMENT PLAN

General Information about the Pension Plans

Plan Descriptions The Agency provides a defined benefit retirement plan to all eligible employees under the Public Employees' Retirement System (PERS). The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Benefits Provided CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. In 2012, the Public Employees' Pension Reform Act (PEPRA) became law that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member under PEPRA. Employees hired prior to January 1, 2013, and those new employees not meeting the PEPRA definition of new member, are considered classic members.

The Plans' provisions and benefits in effect at June 30, 2019 and 2018, are summarized as follows:

Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 full-time years	5 full-time years
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	60 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.5%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	32.649%	32.649%

Employees Covered – At June 30, 2019 and 2018, the following employees were covered by the benefit terms for each Plan:

	<u>2019</u>	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefits	135	126
Inactive employees entitled to but not yet receiving benefits	14	21
Active employees	<u>150</u>	<u>150</u>
Total	<u>299</u>	<u>297</u>

Contributions Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2018 and 2017 (the measurement dates), the average active employee contribution rates were 7.704% and 8.380%, respectively, of annual pay and the Agency's contribution rates are 35.006% and 36.355%, respectively, of annual payroll. Employer contribution rates may change if plan contracts are amended.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Net Pension Liability The Agency's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured at prior year end, using annual actuarial valuations as of the previous year end and rolled forward to the measurement date, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions The total pension liabilities as of June 30, 2019 and 2018 were determined using the following actuarial assumptions:

	<u>2019</u>	<u>2018</u>
Valuation Date	June 30, 2017	June 30, 2016
Measurement Date	June 30, 2018	June 30, 2017
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	2.75%-8.50% (1)	3.2%-12.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	(3)	(3)

(1) Depending on age and service.

(2) Net of pension plan investment expenses, including inflation.

(3) Derived using CalPERS' specific membership data with projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Discount Rate The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.30%. For the measurement year ended June 30, 2018 and 2017, using this lower discount rate resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

On December 21 2016, CalPERS announced to employers that the CalPERS Board of Administration voted to lower the discount rate assumption, net of administrative expenses, from 7.5% to 7.0% over a three year period as follows:

- FY 2017-2018: 7.375%
- FY 2018-2019: 7.25 %
- FY 2019-2020: 7.00 %

There will be a one year implementation delay for school districts and public agencies deferring the first rate discount decrease to FY 2018-2019. Lowering the discount rate, also known as the assumed rate of return, means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. CalPERS has estimated that the three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll in addition to increases to the current unfunded accrued liability payments. Although CalPERS implemented the discount rate reduction over a three year period to mitigate the impact to employer agencies, the GASB 68 Accounting Report assumed that the effective discount rate is 7.15% effective for fiscal year 2018 forward.

To mitigate the growing unfunded accrued liability, the Agency implemented a Long-Term Funding Plan for NCPA's Employee Pension Program which includes accelerated funding of the unfunded liability over a 15 year period. The plan includes: 1) a goal for minimum funding level of 80% within 15 years and annual Commission confirmation of the continued funding of the annual required employer contribution at 100%; 2) shorten the amortization period of the liability to 15 years; 3) research other ways to limit the pension liability; and 4) annual Finance Committee review in conjunction with annual CalPERS actuarial valuations and recommendation to the Commission as needed. In addition, the Agency has a budget policy that mandates an annual reconciliation of budgeted versus actual pension costs. The policy requires that positive budget variances are contributed as payments against the unfunded liability at year end.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

For measurement period ending June 30, 2018:

Asset Class	Strategic Allocation	Real Return Years 1-10¹	Real Return Years 11+²
Global Equity	49.00%	4.80%	5.98%
Private Equity	8.00%	6.30%	7.23%
Fixed Income	22.00%	1.00%	2.62%
Liquidity	3.00%	0.00%	-0.92%
Real Estate	12.00%	3.75%	4.93%
Inflation Assets	6.00%	0.77%	1.81%
Other	0.00%	0.00%	0.00%

¹ An expected inflation of 2.0% used for this period

² An expected inflation of 2.9% used for this period

For measurement period ending June 30, 2017:

Asset Class	Strategic Allocation	Real Return Years 1-10¹	Real Return Years 11+²
Global Equity	47.00%	4.90%	5.38%
Private Equity	12.00%	6.60%	6.63%
Fixed Income	19.00%	0.80%	2.27%
Liquidity	2.00%	-0.40%	-0.90%
Real Estate	11.00%	2.80%	5.21%
Inflation Assets	6.00%	0.60%	1.39%
Other	3.00%	3.90%	5.36%

³ An expected inflation of 2.5% used for this period

⁴ An expected inflation of 3.0% used for this period

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Changes in the Net Pension Liability

The change in the Net Pension Liability for each Plan follows:

Description	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$ 158,591,178	\$ 90,091,516	\$ 68,499,662
Service cost incurred	3,511,108	-	3,511,108
Interest on total pension liability	10,837,217	-	10,837,217
Differences between actual and expected experience	(324,038)	-	(324,038)
Change in assumption	(4,902,279)	-	(4,902,279)
Change in benefits	-	-	-
Net Plan to Plan Resource Movement	-	(226)	226
Contributions – employer	-	7,769,425	(7,769,425)
Contributions – employee	-	1,532,206	(1,532,206)
Net investment income`	-	7,654,116	(7,654,116)
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(7,101,870)	(7,101,870)	-
Administrative expense	-	(140,387)	140,387
Other Miscellaneous Income/(Expense)	-	(266,598)	266,598
Net changes	2,020,138	9,446,666	(7,426,528)
Balance at June 30, 2019	\$ 160, 611,316	\$ 99,538,182	\$ 61,073,134

Description	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 143,919,618	\$ 79,331,018	\$ 64,588,600
Service cost incurred	3,548,776	-	3,548,776
Interest on total pension liability	10,678,090	-	10,678,090
Differences between actual and expected experience	(1,980,198)	-	(1,980,198)
Change in assumption	8,835,307	-	8,835,307
Change in benefits	-	-	-
Contributions – employer	-	6,752,236	(6,752,236)
Contributions – employee	-	1,556,483	(1,556,483)
Net investment income	-	8,979,321	(8,979,321)
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(6,410,415)	(6,410,415)	-
Administrative expense	-	(117,127)	117,127
Net changes	14,671,560	10,760,498	3,911,062
Balance at June 30, 2018	\$ 158,591,178	\$ 90,091,516	\$ 68,499,662

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15% for 2019 and 6.15% for 2018) or 1-percentage point higher (8.15% for 2019 and 8.15% for 2018) than the current rate:

2019	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 82,076,995	\$ 61,073,134	\$ 43,589,609

2018	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 89,937,527	\$ 68,499,662	\$ 50,727,512

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the years ending June 30, 2019 and 2018, the Agency incurred pension expense of \$6,195,239 and \$8,048,230, respectively. At June 30, 2019 and 2018, the Agency has deferred outflows of resources and deferred inflows of resources related to pensions as follows:

2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,703,934	\$ -
Changes in assumptions	4,417,653	(3,818,726)
Differences between actual and expected experience	156,022	(1,303,551)
Net differences between projected and actual earnings on plan investments	102,772	-
Total	\$ 13,380,381	\$ (5,122,277)

2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,769,768	\$ -
Changes in assumptions	6,626,480	(672,759)
Differences between actual and expected experience	297,861	(1,895,832)
Net differences between projected and actual earnings on plan investments	1,050,762	-
Total	\$ 15,744,871	\$ (2,568,591)

Pension contributions subsequent to measurement date of \$8,703,934 and \$7,769,768 reported as deferred outflows of resources for years ending June 30, 2019 and 2018, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020 and 2019, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

For reporting year ended June 30, 2019, amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	\$ 1,412,266
2020	668,694
2021	(2,164,769)
2022	(362,021)
2023	-
Thereafter	-
Total	<u>\$ (445,830)</u>

For reporting year ended June 30, 2018, amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2018	\$ 962,526
2019	2,921,531
2020	2,177,959
2021	(655,504)
2022	-
Thereafter	-
Total	<u>\$ 5,406,512</u>

Payable to the Pension Plan At June 30, 2019 and 2018 the Agency did not have an outstanding amount of contributions payable to the pension plan required for the years ended.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE H -- OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

The Agency contracts with the CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA) for employee medical insurance. In connection with this plan, the Agency provides medical insurance to all active employees and their families, as well as all qualified retirees (and spouses), subject to certain limitations. The Agency has maintained an actuarially based restricted fund for the sole purpose of paying medical insurance premiums for qualified retired employees (and spouses) participating in the CalPERS medical plan. In 2007, the Agency became a participant in the CalPERS California Employers' Retiree Benefit Trust (CERBT), a pre-funding OPEB plan, which is an irrevocable multi-employer trust and plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions. CalPERS issues publicly available reports that include the net changes in Fiduciary Net Position by Employer that can be found on the CalPERS website.

The Agency makes its Actuarially Determined Contribution (ADC) to this OPEB plan annually. The ADC represents the service cost plus an amortized amount of net OPEB liabilities (NOL). The amortization of NOL is based on a 30 year level dollar amount on a "closed" basis. There are 25 years remaining as of the measurement date of June 30, 2018.

Summary of certain plan provisions and benefits in effect during fiscal year ended June 30, 2019:

Required service for eligibility	Pre-1/1/2009 Hires, 5 full-time years On or After 1/1/2009 Hires, 5 full-time years and minimum 10 years CalPERS service
Minimum retirement age	50
Benefit payments	Monthly for life
Vesting for eligible employees	Pre-1/1/2009 Hires, 100% at 5 years On or After 1/1/2009 Hires, 50% at 10 years; 5%/year up to 100% at 20 years
Maximum monthly benefit	90% of Sacramento Kaiser Family rate

Employees Covered – At June 30, 2019 and 2018, the following employees were covered by the benefit terms for each Plan:

	<u>2019</u>	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefits	133	133
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	<u>150</u>	<u>150</u>
Total	<u>283</u>	<u>283</u>

Contributions The Actuarially Determined Contribution (ADC) and funded status of the OPEB plan were determined based on current cost trends of the CalPERS health plans in which the employees currently participate at the time of the actuarial valuation. The June 30, 2017 actuarial valuation (rollforward to June 30, 2018) was prepared on the basis of the OPEB assumption model, as prescribed by the CalPERS, in effect at the time of the valuation. At fiscal year-end June 30, 2019, the Agency had 150 active eligible employees and 133 retirees drawing benefits under this program.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The ADC and funded status of the plan are subject to periodic revision based on actual results, changes in assumptions or plan provisions, and new estimates of expected future circumstances. Future actuarial valuations will be performed every two years, as prescribed by CalPERS.

The Agency's ADC (based on actuarially established rates) was determined as part of a June 30, 2017 actuarial valuation (rollforward to June 30, 2018) using the entry age normal actuarial cost method. The primary actuarial assumptions included: valuation using the Entry Age Normal Cost Method, 6.75% annual discount rate, payroll growth of 3.80% to 9.40%, 2.50% inflation, and maximum employer contribution increases derived from the Getzen Model for developing long-term health care cost trends.

To mitigate the growing OPEB unfunded accrued liability, the Agency implemented a Long-Term Funding Plan for the NCPA Retiree Medical Plan which includes: 1) establish a goal to obtain a minimum funding level of 80% within 15 years and confirm the policy of funding 100% or more of the ARC each year; 2) reduce actuarial liability by developing a cap for health care premiums going forward; 3) shorten the amortization period used in the actuarial calculations from 28 years to 15 years; 4) consider additional funding sources for increased funding of the ARC, including further budget reductions or new revenues (from members or new services/customers); and 5) conduct new actuarial studies on a biennial basis as required and review the updated results with the Finance Committee, who will make recommendations for revision to the Commission as needed.

The Agency has a budget policy that mandates an annual reconciliation of budgeted versus actual OPEB costs. The policy requires that positive budget variances are contributed as payments against the unfunded liability at fiscal year end. Additionally, effective 1/1/2019, NCPA created a third tier level for OPEB for employees hired after that date. Employees in tier three are eligible for Agency payment of 90% of the CalPERS medicare rate; Tier 1 and Tier 2 employees are eligible for Agency payment of 90% of the Sacramento Regional Kaiser Family Rate. The change will be included in the fiscal year 2020 actuarial valuation update and has no impact to fiscal year 2019 and will reduce NCPA's OPEB liability on a going forward basis as the Agency hires future employees.

Net OPEB Liability The Agency's net liability for the OPEB Plan is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability of the Plan is measured at prior year end, using annual actuarial valuations as of the previous year end and rolled forward to the measurement date, using standard update procedures. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Actuarial Assumptions The total OPEB liabilities as of June 30, 2019 and 2018 are determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2019</u>	<u>2018</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2017
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Actuarial Assumptions:		
Discount Rate	6.75%	6.75%
Inflation	2.50%	2.50%
Payroll Growth	3.80%-9.40%	3.80%-9.40%
Projected Salary Increase	Varies (1)	Varies (1)
Investment Rate of Return	6.75% (2)	6.75% (2)
Mortality	(3)	(3)
Healthcare cost trend rates	(4)	(4)

(1) Depending on age and service.

(2) Net of OPEB trust investment expenses, including inflation.

(3) Mortality rates are based on the 2016 California PERS (CalPERS) Pension report and includes a projection to 2028 using scale BB to account for anticipated future mortality improvement.

(4) Medical inflation was based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend. A margin to reflect the impact of the excise tax in future years is reflected in the assumed trend. The trend also reflects the removal of the Health Insurer Fee for calendar year 2019. This fee will be assessed again in calendar year 2020.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Discount Rate The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the Agency's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability. To the extent that OPEB trust assets are insufficient to finance all OPEB benefits, the discount rate should be based on 20-year tax-exempt AA or higher Municipal Bonds as of the measurement date.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (net of administrative expenses):

For measurement period ending June 30, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.00%	7.92%
US Fixed Income	27.00%	6.83%
Treasury Inflation-Protected Securities	5.00%	3.95%
Real Estate Investment Trusts	8.00%	7.56%
Commodities	3.00%	5.47%

For measurement period ending June 30, 2017:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.00%	7.92%
US Fixed Income	27.00%	6.83%
Treasury Inflation-Protected Securities	5.00%	3.95%
Real Estate Investment Trusts	8.00%	7.56%
Commodities	3.00%	5.47%

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Changes in the Net OPEB Liability

Description	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$ 34,809,706	\$ 27,307,506	\$ 7,502,200
Service cost incurred	970,972	-	970,972
Interest on total OPEB liability	2,354,734	-	2,354,734
Differences between actual and expected experience	-	-	-
Change in assumption	-	-	-
Change in benefits	-	-	-
Contributions – employer	-	3,642,455	(3,642,455)
Contributions – employee	-	-	-
Net investment income	-	2,147,351	(2,147,351)
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(1,821,195)	(1,821,195)	-
Administrative expense	-	(14,755)	14,755
Net changes	1,504,511	3,953,856	(2,449,345)
Balance at June 30, 2019	\$ 36,314,217	\$ 31,261,362	\$ 5,052,855

Description	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 33,365,151	\$ 22,735,392	\$ 10,629,759
Service cost incurred	909,576	-	909,576
Interest on total OPEB liability	2,256,395	-	2,256,395
Differences between actual and expected experience	-	-	-
Change in assumption	-	-	-
Change in benefits	-	-	-
Contributions – employer	-	3,914,644	(3,914,644)
Contributions – employee	-	-	-
Net investment income	-	2,390,569	(2,390,569)
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(1,721,416)	(1,721,416)	-
Administrative expense	-	(11,683)	11,683
Net changes	1,444,555	4,572,114	(3,127,559)
Balance at June 30, 2018	\$ 34,809,706	\$ 27,307,506	\$ 7,502,200

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, calculated using the discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

2019	Discount Rate – 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
Plan's Net OPEB Liability	\$ 9,327,391	\$ 5,052,855	\$ 1,495,493

2018	Discount Rate – 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
Plan's Net OPEB Liability	\$ 11,650,819	\$ 7,502,200	\$ 4,051,503

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

2019	Healthcare Costs Trend Rate – 1%	Current Healthcare Costs Trend Rate	Healthcare Costs Trend Rate + 1%
Plan's Net OPEB Liability	\$ 1,345,813	\$ 5,052,855	\$ 9,688,171

2018	Healthcare Costs Trend Rate – 1%	Current Healthcare Costs Trend Rate	Healthcare Costs Trend Rate + 1%
Plan's Net OPEB Liability	\$ 4,147,668	\$ 7,502,200	\$ 11,678,446

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ending June 30, 2019, and 2018, the Agency incurred OPEB expense of \$1,234,406 and \$1,413,889, respectively. At June 30, 2019, and 2018, the Agency has deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

2019	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,674,502	\$ -
Differences between actual and expected experience		
Changes in consumption	-	-
Net differences between projected and actual earnings on plan investments	-	(679,990)
Total	\$ 3,674,502	\$ (679,990)

2018	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,454,933	\$ -
Changes in assumptions	-	-
Differences between actual and expected experience	-	-
Net differences between projected and actual earnings on plan investments	-	(626,804)
Total	\$ 3,454,933	\$ (626,804)

Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized in future OPEB expense as follows:

Measurement Period Ended June 30, 2019:	Deferred Outflows/(Inflows) of Resources
2019	\$ -
2020	(209,915)
2021	(209,915)
2022	(209,917)
2023	(50,243)
Thereafter	-
Total	\$ (679,990)

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Measurement Period Ended June 30, 2018:	Deferred Outflows/(Inflows) of Resources
2018	\$ (156,701)
2019	(156,701)
2020	(156,701)
2021	(156,701)
2022	-
Thereafter	-
Total	<u>\$ (626,804)</u>

Payable to the OPEB Plan At June 30, 2019 and 2018, the Agency did not have an outstanding amount of contributions payable to the OPEB plan required for the year ended.

The funded status of the plan and the annual required contributions are subject to periodic revision based on actual results, changes in assumptions or plan provisions, and new estimates of expected future circumstances. Future actuarial valuations will be performed every two years, as prescribed by CalPERS.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE I -- COMMITMENTS AND CONTINGENCIES

Power Purchase Contracts The Agency had commitments of approximately \$6.5 million in connection with various power purchase contracts as of June 30, 2019. The contracts, extending through December 2021, are normal purchases at agreed to contract prices for fixed quantities of energy. Certain of the Agency's members have individually entered into certain other long-term contracts, which the Agency dispatches and schedules for them. See Note B - Summary of Significant Accounting Policies.

Resource Adequacy Contracts The Agency had commitments of approximately \$1.03 million in connection with various resource adequacy capacity contracts as of June 30, 2019. The contracts, extending through December 2021, are normal purchases at agreed to contract prices for fixed quantities of capacity. Certain of the Agency's members have individually entered into other long-term capacity contracts.

Fuel Supply Agreements The Agency has entered into the following agreements to provide natural gas fuel supply for use in its generation resources:

- A 30-year agreement terminating in October 2023 with various natural gas pipeline management companies under which the Agency has acquired firm natural gas pipeline transportation capacity in four separate natural gas pipelines between Alberta, Canada and northern California. The estimated minimum annual natural gas transmission commitment is approximately \$713,000. The Agency's firm natural gas pipeline transportation capacity is scheduled by Mercuria Energy Gas Trading, LLC (Mercuria) pursuant to the term and conditions of an Asset Management Agreement for Pipeline Transportation Capacity that became effective on January 1, 2015.
- On behalf of the participants in the Combustion Turbine Project Number One and the Capital Facilities project, the Agency entered into an agreement with EDF Trading North America, LLC (EDF) effective January 1, 2013 to provide natural gas supply and scheduling, nomination, balancing and settlement services. The contract automatically renews each year on January 1, unless terminated earlier by six-months written notice by either party.
- The Agency had approximately \$7.2 million of gas purchase commitments at June 30, 2019. The commitments, extending through December 2021, are normal purchases at agreed to prices for fixed quantities of gas.

Western Area Power Administration Base Resource A number of the Agency's members, who had an aggregate 18.87957% of the Base Resource Contract with the Western Area Power Administration to receive electric power from the Central Valley Project in California, have assigned their shares to the Agency in order to create a power resource portfolio for the mutual benefit of participating Agency members. The assignments terminate the earlier of December 31, 2024 or 60 days after Western approves a reassignment.

Geothermal Royalties Under terms of federal geothermal leasehold agreements, the Agency is required to pay royalties to the United States (U.S.) on the value of geothermal steam produced. Currently, the effective rate of such royalties is 3.6% of an amount based on the Agency's monthly weighted average cost of third-party wholesale electricity purchases made by Agency members participating in the Geothermal Project. The U.S. Department of the Interior, Office of Natural Resources Revenue maintains the right to periodically review and withdraw their approval or to change this methodology should operations, market conditions, or Federal regulations change.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

CLAIMS AND LITIGATION

California Energy Crisis During 2000 and 2001, California experienced extreme fluctuations in the prices and supplies of natural gas and electricity in much of the State. While there has been progress in addressing these issues, uncertainty remains. As a result, no assurance can be given that measures undertaken, together with measures to be taken in the future, will prevent the recurrence of shortages, price volatility or other energy problems that have adversely affected California electric utilities in the past. The Agency has settled with the plaintiffs in related litigation, and while the settlement has been approved by FERC, there are still some claims by others that remain ongoing. Although the Agency considers these claims to be lacking in merit, no assurance thereof can be given until all proceedings are finally concluded.

Following a July 10, 2018 FERC order generally accepting the CAISO and CALPX's filings calculating the refunds owed by all participants in the ISO and PX markets, the California parties have begun the process of reconciling the amounts recorded by the ISO and PX with all the settlements entered into by the California Parties (including the settlement with NCPA). Following that process, some adjustments may need to be made to account for differences between the interest owed and interest actually collected on certain escrow accounts. NCPA is unlikely to be affected by any such adjustments.

Greenhouse Gas (GHG) Emissions The California Global Warming Solutions Act of 2006 (also known as California Assembly Bill 32 or AB 32) requires the gradual reduction of state-wide GHG emissions to the 1990 level by 2020. The California Air Resources Board (CARB) is the state agency charged with monitoring GHG levels and adopting regulations to implement and enforce AB 32. The CARB has approved various regulations, including regulations that established a state-wide, comprehensive "cap-and-trade" program that sets a gradually declining limit (or "cap") on the amount of GHGs that may be emitted by the major sources of GHG emissions each year. GHG emissions are measured in metric tons (MT) of carbon dioxide-equivalent greenhouse gases (CO_{2e}) per year.

The cap and trade program's first two-year compliance period, which began January 1, 2013, applies to the electricity generation and large industrial sectors. The next compliance period, from January 1, 2015 through December 31, 2017, expanded to include the natural gas supply and transportation sectors, effectively covering all the capped sectors until 2020. In July 2017, CARB adopted an updated set of cap-and-trade regulations that extends the cap-and-trade program to 2030. The updated regulations continue the direct allocation of allowances to distribution utilities which in turn can be transferred by members to the Agency.

The Agency's Lodi Energy Center gas plant, Steam Injected Gas Turbine gas plant and electricity imports (purchased power) are subject to the compliance rules established by CARB for the cap-and-trade program. As such, the Agency acquires sufficient compliance instruments to cover its compliance obligations or receives transfers of required compliance instruments from its project participants. At June 30, 2019, the Agency had cumulative compliance obligation of 764,634 MT with 1,030,567 MT of acquired allowances to meet its compliance obligation. At June 30, 2018, the Agency had cumulative compliance obligation of 1,093,971 MT with 1,242,482 MT of acquired allowances to meet its compliance obligation.

NOTES TO COMBINED FINANCIAL STATEMENTS

NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Other Factors Affecting the Electric Utility Industry Electric industry market participants, such as the Agency and its members, continue to face numerous potential risks and uncertainties including, but not limited to, significant volatility in energy prices and increased transmission and ancillary services costs; new federal and state renewable energy, operating efficiency, and environmental standards; and, global pressures on economic and financial market conditions. The Agency and its members continue to study and to take various actions in an effort to mitigate and manage these risk and uncertainties. However, the Agency cannot predict either the ultimate outcome of these ongoing changes or whether such outcome will have a material adverse effect on its financial position or results of operations.

Other Legal Matters The Agency is engaged in various legal proceedings before federal and state courts and various administrative tribunals incidental to the Agency's operations.

Based on its review of the aforementioned proceedings with outside legal counsel, the Agency believes that the ultimate aggregate liability, if any, resulting from these proceedings will not have a materially adverse effect on the combined financial position or results of operations of the Agency.

Claims On September 9, 2015, a major wildfire (The Valley Fire) occurred in the California counties of Lake, Napa, and Sonoma. The fire burned approximately 74,000 acres and destroyed approximately 1,960 structures including homes, commercial properties, and other minor structures. The Agency's Geysers geothermal and effluent projects are located in Lake County, and some of those facilities were damaged in the fire. Damage and reparation costs totaled \$1.74 million in 2015 and 2016. A Presidential Disaster Declaration was issued on September 22, 2015. Public Assistance was added to the Disaster Declaration on October 9, 2015. The Agency recovered \$531,317 from the project insurance policy in fiscal year 2017. Additionally, the Agency seeks to recover public assistance grants and will record those proceeds in other non-operating revenue in the fiscal year in which they are received.

In December, 2015, the Hydroelectric Project Adit 4 Tunnel Spoils incurred water related damage that required remediation to stabilize the site and prevent further erosion to Clark Creek. The Adit 4 Tunnel Spoils (Spoils) are located approximately 1.5 miles up canyon from the Collierville Powerhouse in Calaveras County and are part of the water conveyance tunnel between McKays Point Diversion Dam and the Collierville Power House. Damage and reparation costs are estimated to be \$4.5 million. Construction was completed in late summer 2018, and final invoices are pending. The Agency recovered \$2,100,000 from the project insurance policy in fiscal year 2018.

During the period of January 3-12, 2017, severe winter storms caused flooding and mudslides in many California Counties. As a result of those storms, the Beaver Creek Diversion Dam and McKays Point Reservoir filled with sediment and debris, and Beaver Creek required emergency dredging after the river flows receded during the summer. Additionally, much of the Project was inaccessible for weeks as a result of numerous road failures. Repair costs totaled approximately \$2.2 million. Construction was completed in fall 2017. The Agency recovered \$1,270,036 from the project insurance policy in fiscal year 2018. On February 14, 2017, a Presidential Disaster Declaration was issued including federal disaster assistance. The Agency seeks to recover public assistance grants and will record those proceeds in other non-operating revenue in the fiscal year in which they are received.

NOTE J – SUBSEQUENT EVENTS

On 5/17/19, the Agency Finance Committee supported staff's recommendation to issue Request Proposals for Underwriter and Direct Placement Services for a refunding of the Capital Facilities Bonds, Series 2010A, and on 8/13/19, the committee members supported staff's recommendation to select JP Morgan as the underwriter for the refunding. The bonds are callable in February 2020, and the bond documents will be included in the October 24th Commission Agenda for approval. The scheduled closing date for the bonds is November 20, 2019.

Required Supplementary Information

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS**

**Schedule of Changes in the Net Pension Liability
and Related Ratios Last 10 Measurement Years ***

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Total Pension Liability					
Service cost	\$ 3,511,108	\$ 3,548,776	\$ 3,152,017	\$ 3,256,167	\$ 3,220,329
Interest on total pension liability	10,837,217	10,678,090	10,328,232	9,734,270	9,285,364
Differences between expected and actual experience	(324,038)	(1,980,198)	581,539	(1,437,389)	-
Changes in assumptions	(4,902,279)	8,835,307	-	(2,354,661)	-
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(7,101,870)	(6,410,415)	(5,988,393)	(5,522,982)	(5,059,144)
Net change in total pension liability	2,020,138	14,671,560	8,073,395	3,675,405	7,446,549
Total pension liability - beginning	158,591,178	143,919,618	135,846,223	132,170,818	124,724,269
Total pension liability - ending (a)	\$ 160,611,316	\$ 158,591,178	\$ 143,919,618	\$ 135,846,223	\$ 132,170,818
Plan fiduciary net position					
Contributions - employer	\$ 7,769,425	\$ 6,752,236	\$ 5,406,928	\$ 5,584,985	\$ 5,507,642
Contributions - employee	1,532,206	1,556,483	1,453,722	1,433,343	1,410,488
Net investment income	7,654,116	8,979,321	434,144	1,754,108	10,868,237
Benefit payments	(7,101,870)	(6,410,415)	(5,988,393)	(5,522,982)	(5,059,144)
Administrative and other expense	(407,211)	(117,127)	(47,581)	(87,934)	-
Net change in plan fiduciary net position	9,446,666	10,760,498	1,258,820	3,161,520	12,727,223
Plan fiduciary net position - beginning	90,091,182	79,331,018	78,072,198	74,910,678	62,183,455
Plan fiduciary net position - ending (b)	\$ 99,538,182	\$ 90,091,516	\$ 79,331,018	\$ 78,072,198	\$ 74,910,678
Net pension liability - ending (a)-(b)	\$ 61,073,134	\$ 68,499,662	\$ 64,588,600	\$ 57,774,025	\$ 57,260,140
Plan fiduciary net position as a percentage of the total pension liability	61.97%	56.81%	55.12%	57.47%	56.68%
Covered - employee payroll	\$ 19,045,878	\$ 18,573,174	\$ 18,121,290	\$ 18,365,293	\$ 17,596,462
Net pension liability as percentage of covered-employee payroll	320.66%	368.81%	356.42%	314.58%	325.41%

Notes to Schedule:

Benefit changes The figures above do not include any liability impact that may have resulted from plan changes, which occurred after June 30, 2018. This applies for voluntary benefit changes as well as any offers to Two Years Additional Service Credit (aka Golden Handshakes).

Changes in assumptions In 2017, CalPERS reduced the discount rate from 7.65% to 7.15%. In 2016, GASB 68 was modified to state that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Accordingly, the discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of June 30, 2015 measurement date to reflect this required methodology change.

* Measurement fiscal year 2014 was the first year of implementation, therefore only five years are shown.

REQUIRED SUPPLEMENTARY INFORMATION - Continued
(UNAUDITED)
NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

Schedule of Pension Plan Contributions
Last 10 Fiscal Years *

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Actuarially Determined Contribution	\$ 6,837,159	\$ 6,263,130	\$ 5,715,970	\$ 5,406,928	\$ 5,065.861
Contributions in Relation to the					
Actuarially Determined Contribution	(8,703,934)	(7,769,768)	(6,752,236)	(5,406,928)	(5,584.985)
Contribution Deficiency (Excess)	<u>\$ (1,866,775)</u>	<u>\$ (1,506,638)</u>	<u>\$ (1,036,266)</u>	<u>\$ -</u>	<u>\$ (519.124)</u>
Covered-Employee Payroll ¹	\$ 20,379,246	\$ 19,045,878	\$ 18,573,174	\$ 18,121,290	\$ 18,365,293
Contributions as a Percentage of Covered-Employee Payroll ¹	42.71%	40.79%	36.35%	29.84%	30.41%

¹ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Pensionable earnings are covered employee payroll reduced for earnings and other earnings adjustments not subject to pension contributions.

* Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

REQUIRED SUPPLEMENTARY INFORMATION- Continued
(UNAUDITED)
NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

**Schedule of Changes in the Net OPEB Liability and
Related Ratios Last 10 Measurement Years ***

	FY 2018	FY 2017
Total OPEB Liability		
Service cost	\$ 970,972	\$ 909,576
Interest on total OPEB liability	2,354,734	2,256,395
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	(1,821,195)	(1,721,416)
Net change in total OPEB liability	1,504,511	1,444,555
Total OPEB liability - beginning	34,809,706	33,365,151
Total OPEB liability - ending (a)	\$ 36,314,217	\$ 34,809,706
Plan fiduciary net position		
Contributions - employer	\$ 3,642,455	\$ 3,914,644
Contributions - employee	-	-
Net investment income	2,147,351	2,390,569
Benefit payments	(1,821,195)	(1,721,416)
Administrative expense	(14,755)	(11,683)
Net change in plan fiduciary net position	3,953,856	4,572,114
Plan fiduciary net position - beginning	27,307,506	22,735,392
Plan fiduciary net position - ending (b)	\$ 31,261,362	\$ 27,307,506
Net OPEB liability - ending (a)-(b)	\$ 5,052,855	\$ 7,502,200
 Plan fiduciary net position as a percentage of the total OPEB liability	 86.09%	 78.45%
 Covered - employee payroll	 \$ 19,556,204	 \$ 18,573,174
Net OPEB liability as percentage of covered-employee payroll	25.84%	40.39%

Notes to Schedule:

Benefit changes The benefit payments for FY 2018 and FY 2017 consist of pay-as-you-go cost of \$1,426,947 and \$1,394,637, respectively, plus estimated implicit rate subsidy of \$394,248 and \$326,779, respectively.

Changes in assumptions NCPA funds, at minimum, the Actuarially Determined Contribution to the OPEB fund. During measurement period ending June 30, 2017, discount rate decreased from 7.00% to 6.75%.

* Measurement fiscal year 2017 was the first year of implementation, therefore only two years are shown.

REQUIRED SUPPLEMENTARY INFORMATION - Continued
(UNAUDITED)
NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

Schedule of OPEB Plan Contributions
Last 10 Fiscal Years *

	FY 2019	FY 2018
Actuarially Determined Contribution	\$ 1,676,000	\$ 1,426,947
Contributions in Relation to the Actuarially Determined Contribution	(3,674,502)	(3,454,933)
Contribution Deficiency (Excess)	<u>\$ (1,998,502)</u>	<u>\$ (2,027,985)</u>
Covered-Employee Payroll	\$ 20,379,247	\$ 19,556,203
Contributions as a Percentage of Covered-Employee Payroll ¹	18.03%	17.67%

* Fiscal year 2018 was the first year of implementation, therefore only two years are shown.

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contributions Rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Amortization period	15 years
Asset valuation method	5 year smoothed market
Discount rate	6.75 percent
Healthcare cost trend rates	3.50% for pre-65 and 2.25% for post-65
Salary increases	3.00 percent
Investment rate of return	6.75 percent
Retirement age	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	Rates based on statistics taken from the latest California PERS (CalPERS) Pension Valuation Report. The mortality rates include an assumed improvement in future mortality based on Scale BB projected to 2028.

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

**NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)**

	June 30, 2019									
	GENERATING & TRANSMISSION RESOURCES						Purchased	Associated	Other	
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Power & Transmission	Member Services	Agency	Combined
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	\$ 1	\$ -	\$ 1	\$ 1	\$ 75	\$ -	\$ -	\$ 633	\$ 42,716	\$ 43,427
Investments	-	-	-	-	-	-	-	-	41,915	41,915
Accounts receivable										
Participants	-	-	-	-	-	-	-	43	193	236
Other	275	-	-	-	-	-	1,901	-	453	2,629
Interest receivable	-	-	-	-	-	-	153	3	430	586
Inventory and supplies	4,509	1,574	246	359	2,203	-	-	-	-	8,891
Prepaid expenses	320	392	30	45	301	-	-	40	551	1,679
Due from Agency and other programs*	11,510	15,722	2,104	1,203	11,737	-	27,476	8,352	(78,104)	-
TOTAL CURRENT ASSETS	16,615	17,688	2,381	1,608	14,316	-	29,530	9,071	8,154	99,363
RESTRICTED ASSETS										
Cash and cash equivalents	7,641	20,507	1,488	-	3,244	-	3,729	-	21,026	57,635
Investments	24,212	24,974	4,660	-	21,496	-	25,702	-	53,859	154,903
Interest receivable	142	181	16	-	87	-	-	-	348	774
TOTAL RESTRICTED ASSETS	31,995	45,662	6,164	-	24,827	-	29,431	-	75,233	213,312
ELECTRIC PLANT										
Electric plant in service	571,460	395,080	64,852	36,552	423,853	7,736	-	839	5,994	1,506,366
Less: accumulated depreciation	(539,326)	(271,697)	(50,567)	(34,670)	(96,170)	(7,736)	-	(502)	(3,401)	(1,004,069)
	32,134	123,383	14,285	1,882	327,683	-	-	337	2,593	502,297
Construction work-in-progress	-	-	-	-	182	-	-	-	-	182
TOTAL ELECTRIC PLANT	32,134	123,383	14,285	1,882	327,865	-	-	337	2,593	502,479
OTHER ASSETS										
Regulatory assets	(348)	132,764	8,889	-	24,684	-	-	-	57,714	223,703
Preliminary survey and investigation costs	-	-	-	-	-	-	-	435	-	435
Investment in associated company	-	-	-	-	-	-	-	-	265	265
TOTAL OTHER ASSETS	(348)	132,764	8,889	-	24,684	-	-	435	57,979	224,403
TOTAL ASSETS	80,396	319,497	31,719	3,490	391,692	-	58,961	9,843	143,959	1,039,557
DEFERRED OUTFLOWS OF RESOURCES										
Excess cost on refunding of debt	1,335	29,332	782	-	1,822	-	-	-	-	33,271
Pension and OPEB deferrals	-	-	-	-	-	-	-	-	17,055	17,055
Asset Retirement Obligations	61,766	-	157	-	178	-	-	-	-	62,101
TOTAL DEFERRED OUTFLOWS OF RESOURCES	63,101	29,332	939	-	2,000	-	-	-	17,055	112,427
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 143,497	\$ 348,829	\$ 32,658	\$ 3,490	\$ 393,692	\$ -	\$ 58,961	\$ 9,843	\$ 161,014	\$ 1,151,984

* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

**NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)**

June 30, 2019										
GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission					
LIABILITIES										
CURRENT LIABILITIES										
Accounts payable and accrued expenses	\$ 314	\$ 1,080	\$ 1	\$ 520	\$ 620	\$ -	\$ 28,219	\$ -	\$ 8,133	\$ 38,887
Member advances	791	-	-	-	-	-	-	589	-	1,380
Operating reserves	5,298	250	513	2,669	13,265	-	-	-	-	21,995
Current portion of long-term debt	4,420	12,685	4,195	-	12,040	-	-	-	-	33,340
Accrued interest payable	264	5,675	635	-	1,168	-	-	-	-	7,742
TOTAL CURRENT LIABILITIES										
	11,087	19,690	5,344	3,189	27,093	-	28,219	589	8,133	103,344
NON-CURRENT LIABILITIES										
Net pension and OPEB liabilities	-	-	-	-	-	-	-	-	66,126	66,126
Operating reserves and other deposits	1,500	14,971	-	-	1,159	-	29,584	4,104	75,233	126,551
Interest rate swap liability	-	14,613	-	-	-	-	-	-	-	14,613
Asset Retirement Obligations	64,820	-	157	-	178	-	-	-	-	65,155
Long-term debt, net	20,100	282,253	25,870	-	319,050	-	-	-	-	647,273
TOTAL NON-CURRENT LIABILITIES										
	86,420	311,837	26,027	-	320,387	-	29,584	4,104	141,359	919,718
TOTAL LIABILITIES										
	97,507	331,527	31,371	3,189	347,480	-	57,803	4,693	149,492	1,023,062
DEFERRED INFLOWS OF RESOURCES										
Regulatory credits	36,037	3,620	864	2,054	38,709	-	-	337	3,123	84,744
Pension and OPEB deferrals	-	-	-	-	-	-	-	-	5,802	5,802
TOTAL DEFERRED INFLOWS OF RESOURCES	36,037	3,620	864	2,054	38,709	-	-	337	8,925	90,546
NET POSITION										
Net investment in capital assets	(4,553)	(21,580)	(6,698)	-	(12,741)	-	-	-	-	(45,572)
Restricted for:	-	-	-	-	-	-	-	-	-	-
Debt service	8,867	19,114	5,529	-	13,600	-	-	-	-	47,110
Other programs	363	1,745	1	-	24	-	-	-	-	2,133
Unrestricted	5,276	14,403	1,591	(1,753)	6,620	-	1,158	4,813	2,597	34,705
TOTAL NET POSITION	9,953	13,682	423	(1,753)	7,503	-	1,158	4,813	2,597	38,376
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION										
	\$ 143,497	\$ 348,829	\$ 32,658	\$ 3,490	\$ 393,692	\$ -	\$ 58,961	\$ 9,843	\$ 161,014	\$ 1,151,984

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2019										
GENERATING & TRANSMISSION RESOURCES										
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
OPERATING REVENUES										
Participants	\$ 446	\$ 13,675	\$ 4,949	\$ 7,304	\$ 18,448	\$ -	\$ 303,346	\$ 20,705	\$ 1,012	\$ 369,885
Other Third-party	36,274	45,105	2,137	2,016	78,574	-	162,460	2,711	4	329,281
TOTAL OPERATING REVENUES	36,720	58,780	7,086	9,320	97,022	-	465,806	23,416	1,016	699,166
OPERATING EXPENSES										
Purchased power	693	3,701	175	381	4,620	-	288,938	-	-	298,508
Operations	18,072	4,491	2,193	2,139	56,659	-	4,276	12,160	-	99,990
Transmission	269	454	50	209	757	-	178,889	5	-	180,633
Depreciation	3,914	9,471	2,204	192	14,617	-	-	104	342	30,844
Maintenance	9,265	4,242	660	7,520	5,025	-	-	124	-	26,836
Administrative and general	4,176	5,020	626	809	4,974	-	-	7,425	(3,726)	19,304
Intercompany (sales) purchases, net*	(702)	277	73	101	313	-	-	(62)	-	-
TOTAL OPERATING EXPENSES	35,687	27,656	5,981	11,351	86,965	-	472,103	19,756	(3,384)	656,115
NET OPERATING REVENUES	1,033	31,124	1,105	(2,031)	10,057	-	(6,297)	3,660	4,400	43,051
NON OPERATING (EXPENSES) REVENUES										
Interest expense	(787)	(22,289)	(1,487)	-	(14,728)	-	-	-	-	(39,291)
Interest income	1,325	1,640	166	1	1,303	-	1,813	100	4,099	10,447
Other	5	5	2,473	1	5,176	-	64	44	302	8,070
TOTAL NON OPERATING (EXPENSES) REVENUES	543	(20,644)	1,152	2	(8,249)	-	1,877	144	4,401	(20,774)
FUTURE RECOVERABLE AMOUNTS	(565)	(1,977)	(2,083)	-	911	-	-	-	(4,077)	(7,791)
REFUNDS TO PARTICIPANTS	(2,981)	(2,208)	(160)	902	1,540	-	(2,518)	(5,789)	(2,964)	(14,178)
INCREASE (DECREASE) IN NET POSITION	(1,970)	6,295	14	(1,127)	4,259	-	(6,938)	(1,985)	1,760	308
NET POSITION, Beginning of year	11,923	7,387	409	(626)	3,244	-	8,096	6,798	837	38,068
NET POSITION, End of year	\$ 9,953	\$ 13,682	\$ 423	\$ (1,753)	\$ 7,503	\$ -	\$ 1,158	\$ 4,813	\$ 2,597	\$ 38,376

* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENTS OF CASH FLOW

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2019										
GENERATING & TRANSMISSION RESOURCES										
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES										
Received from participants	\$ 930	\$ 13,139	\$ 4,872	\$ 7,154	\$ 16,263	\$ -	\$ 303,346	\$ 21,767	\$ 636	\$ 368,107
Received from others	35,084	42,988	2,137	2,016	78,574	-	164,132	2,711	4,596	332,238
Payments for employee services	(13,711)	(5,931)	(982)	(1,822)	(6,983)	-	-	(12,419)	-	(41,848)
Payments to suppliers for goods and services	(18,656)	(12,146)	(2,355)	(5,711)	(66,842)	-	(454,203)	(11,659)	2,954	(568,618)
Payments from(to) other programs *	702	(277)	(73)	(101)	(313)	-	-	62	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	4,349	37,773	3,599	1,536	20,699	-	13,275	462	8,186	89,879
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from maturities and sales of investments	14,191	42,455	4,952	-	22,706	-	9,014	-	18,450	111,768
Interest received on cash and investments	816	634	68	1	735	-	1,173	97	1,404	4,928
Purchase of investments	(15,813)	(34,183)	(4,496)	-	(22,500)	-	(14,787)	-	(24,459)	(116,238)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(806)	8,906	524	1	941	-	(4,600)	97	(4,605)	458
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Acquisition and construction of electric plant	(1,492)	(259)	(372)	(35)	(47)	-	-	(100)	(43)	(2,348)
Interest paid on long-term debt	(619)	(14,428)	(1,614)	-	(14,573)	-	-	-	-	(31,234)
Principal repayment on long-term debt	(4,250)	(22,610)	(3,995)	-	(11,480)	-	-	-	-	(42,335)
Proceeds from bond issues	-	43,158	-	-	-	-	-	-	-	43,158
Payments to refund debt	-	(53,987)	-	-	-	-	-	-	-	(53,987)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(6,361)	(48,126)	(5,981)	(35)	(26,100)	-	-	(100)	(43)	(86,746)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES										
Other proceeds	5	5	2,473	1	5,176	-	64	(373)	302	7,653
Refunds to participants	(2,981)	(2,208)	(160)	902	1,540	-	(2,518)	(5,789)	(2,964)	(14,178)
Payments from(to) other programs *	4,936	(5,018)	106	(2,405)	(3,064)	-	(10,230)	6,265	9,410	-
NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	1,960	(7,221)	2,419	(1,502)	3,652	-	(12,684)	103	6,748	(6,525)
NET CHANGE IN CASH AND CASH EQUIVALENTS										
Beginning of year	8,500	29,175	928	1	4,127	-	7,738	71	53,456	103,996
End of year	\$ 7,642	\$ 20,507	\$ 1,489	\$ 1	\$ 3,319	\$ -	\$ 3,729	\$ 633	\$ 63,742	\$ 101,062

* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF CASH FLOW - Continued

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2019										
GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission					
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH FLOWS FROM OPERATING ACTIVITIES										
Operating income	\$ 1,033	\$ 31,124	\$ 1,105	\$ (2,031)	\$ 10,057	\$ -	\$ (6,297)	\$ 3,660	\$ 4,400	\$ 43,051
Adjustments to reconcile net operating revenues to net cash from operating activities:										
Depreciation	3,914	9,471	2,204	192	14,617	-	-	104	342	30,844
	4,947	40,595	3,309	(1,839)	24,674	-	(6,297)	3,764	4,742	73,895
CASH FLOWS IMPACTED BY CHANGES IN										
Accounts receivable	(275)	-	-	-	59	-	(732)	691	139	(118)
Inventory and prepaid expense	(30)	(536)	392	1,039	(107)	-	-	(29)	19	748
Operating reserves and other deposits	(915)	(2,117)	(1)	1,966	(941)	-	2,404	(3,834)	4,417	979
Member advances	-	-	-	-	-	-	-	312	-	312
Regulatory credits	484	(536)	(77)	(150)	(2,244)	-	-	59	(340)	(2,804)
Accounts payable	138	367	(24)	520	(742)	-	17,900	(501)	(791)	16,867
NET CASH FROM OPERATING ACTIVITIES	\$ 4,349	\$ 37,773	\$ 3,599	\$ 1,536	\$ 20,699	\$ -	\$ 13,275	\$ 462	\$ 8,186	\$ 89,879
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION										
Cash and cash equivalents - current assets	\$ 1	\$ -	\$ 1	\$ 1	\$ 75	\$ -	\$ -	\$ 633	\$ 42,716	\$ 43,427
Cash and cash equivalents - restricted assets	7,641	20,507	1,488	-	3,244	-	3,729	-	21,026	57,635
End of year	\$ 7,642	\$ 20,507	\$ 1,489	\$ 1	\$ 3,319	\$ -	\$ 3,729	\$ 633	\$ 63,742	\$ 101,062

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

June 30, 2018										
	GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One				
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	\$ 1	\$ -	\$ 1	\$ 1	\$ 73	\$ -	\$ -	\$ 71	\$ 38,414	\$ 38,561
Investments	-	-	-	-	-	-	-	-	36,963	36,963
Accounts receivable										
Participants	-	-	-	-	59	-	-	734	157	950
Other	-	-	-	-	-	-	1,169	-	628	1,797
Interest receivable	-	-	-	-	-	-	84	-	235	319
Inventory and supplies	4,509	1,079	642	1,405	2,111	-	-	-	-	9,746
Prepaid expenses	290	351	26	38	286	-	-	11	570	1,572
Due from Agency and other programs*	16,446	10,704	2,210	(1,202)	8,673	-	17,246	14,617	(68,694)	-
TOTAL CURRENT ASSETS	21,246	12,134	2,879	242	11,202	-	18,499	15,433	8,273	89,908
RESTRICTED ASSETS										
Cash and cash equivalents	8,499	29,175	927	-	4,054	-	7,738	-	15,042	65,435
Investments	20,590	32,248	5,018	-	21,114	-	19,358	-	55,502	153,830
Interest receivable	89	173	16	-	91	-	-	-	271	640
TOTAL RESTRICTED ASSETS	29,178	61,596	5,961	-	25,259	-	27,096	-	70,815	219,905
ELECTRIC PLANT										
Electric plant in service	570,210	394,821	64,844	36,517	423,805	7,736	-	739	5,949	1,504,621
Less: accumulated depreciation	(535,654)	(262,226)	(48,363)	(34,478)	(81,554)	(7,736)	-	(398)	(3,057)	(973,466)
	34,556	132,595	16,481	2,039	342,251	-	-	341	2,892	531,155
Construction work-in-progress	-	-	-	-	182	-	-	-	-	182
TOTAL ELECTRIC PLANT	34,556	132,595	16,481	2,039	342,433	-	-	341	2,892	531,337
OTHER ASSETS										
Regulatory assets	217	134,741	10,608	-	23,789	-	-	-	61,792	231,147
Preliminary survey and investigation costs	-	-	-	-	-	-	-	18	-	18
Investment in associated companies	-	-	-	-	-	-	-	-	265	265
TOTAL OTHER ASSETS	217	134,741	10,608	-	23,789	-	-	18	62,057	231,430
TOTAL ASSETS	85,197	341,066	35,929	2,281	402,683	-	45,595	15,792	144,037	1,072,580
DEFERRED OUTFLOWS OF RESOURCES										
Excess cost on refunding of debt	1,585	37,268	893	-	2,130	-	-	-	-	41,876
Pension deferrals	61,878	-	153	-	173	-	-	-	-	62,204
Asset Retirement Obligations	-	-	-	-	-	-	-	-	19,200	19,200
TOTAL DEFERRED OUTFLOWS OF RESOURCES	63,463	37,268	1,046	-	2,303	-	-	-	19,200	123,280
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 148,660	\$ 378,334	\$ 36,975	\$ 2,281	\$ 404,986	\$ -	\$ 45,595	\$ 15,792	\$ 163,237	\$ 1,195,860

* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

**NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)**

June 30, 2018										
GENERATING & TRANSMISSION RESOURCES						Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission					
LIABILITIES										
CURRENT LIABILITIES										
Accounts payable and accrued expenses	\$ 176	\$ 713	\$ 25	\$ -	\$ 1,362	\$ -	\$ 10,319	\$ 501	\$ 8,924	\$ 22,020
Member advances	791	-	-	-	-	-	-	277	-	1,068
Operating reserves	6,213	249	514	703	13,649	-	-	-	-	21,328
Current portion of long-term debt	4,250	22,610	3,995	-	11,480	-	-	-	-	42,335
Accrued interest payable	347	6,364	710	-	1,217	-	-	-	-	8,638
TOTAL CURRENT LIABILITIES										
	11,777	29,936	5,244	703	27,708	-	10,319	778	8,924	95,389
NON-CURRENT LIABILITIES										
Net pension liability	-	-	-	-	-	-	-	-	76,002	76,002
Operating reserves and other deposits	1,500	17,089	-	-	1,716	-	27,180	7,938	70,816	126,239
Interest rate swap liability	63,387	-	153	-	173	-	-	-	-	63,713
Asset Retirement Obligations	-	11,109	-	-	-	-	-	-	-	11,109
Long-term debt, net	24,520	308,657	30,228	-	331,192	-	-	-	-	694,597
TOTAL NON-CURRENT LIABILITIES										
	89,407	336,855	30,381	-	333,081	-	27,180	7,938	146,818	971,660
TOTAL LIABILITIES										
	101,184	366,791	35,625	703	360,789	-	37,499	8,716	155,742	1,067,049
DEFERRED INFLOWS OF RESOURCES										
Regulatory credits	35,553	4,156	941	2,204	40,953	-	-	278	3,463	87,548
Pension deferrals	-	-	-	-	-	-	-	-	3,195	3,195
TOTAL DEFERRED INFLOWS OF RESOURCES										
	35,553	4,156	941	2,204	40,953	-	-	278	6,658	90,743
NET POSITION										
Net investment in capital assets	(3,980)	(37,214)	(7,137)	-	(12,876)	-	-	-	-	(61,207)
Restricted for:										
Debt service	8,555	32,488	5,251	-	12,846	-	-	-	-	59,140
Other programs	(204)	1,560	-	-	(121)	-	-	-	-	1,235
Unrestricted	7,552	10,553	2,295	(626)	3,395	-	8,096	6,798	837	38,900
TOTAL NET POSITION										
	11,923	7,387	409	(626)	3,244	-	8,096	6,798	837	38,068
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION										
	\$ 148,660	\$ 378,334	\$ 36,975	\$ 2,281	\$ 404,986	\$ -	\$ 45,595	\$ 15,792	\$ 163,237	\$ 1,195,860

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2018										
GENERATING & TRANSMISSION RESOURCES										
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
OPERATING REVENUES										
Participants	\$ 5,912	\$ 18,964	\$ 6,453	\$ 1,556	\$ 26,570	\$ -	\$ 303,116	\$ 19,875	\$ 825	\$ 383,271
Other third-party	28,381	28,445	1,194	2,523	51,455	-	64,476	2,647	-	179,121
TOTAL OPERATING REVENUES	34,293	47,409	7,647	4,079	78,025	-	367,592	22,522	825	562,392
OPERATING EXPENSES										
Purchased power	400	2,841	364	392	4,789	-	215,411	-	-	224,197
Operations	17,100	3,971	1,763	1,844	37,784	-	3,452	9,800	-	75,714
Transmission	302	(32)	(20)	(10)	812	-	136,194	5	-	137,251
Depreciation	3,897	9,663	2,207	184	14,612	-	-	40	312	30,915
Maintenance	5,348	8,198	677	1,937	5,224	-	-	113	-	21,497
Administrative and general	4,946	4,691	724	775	4,402	-	-	7,834	(2,232)	21,140
Intercompany (sales) purchases, net*	(666)	270	64	111	295	-	-	(74)	-	-
TOTAL OPERATING EXPENSES	31,327	29,602	5,779	5,233	67,918	-	355,057	17,718	(1,920)	510,714
NET OPERATING REVENUES	2,966	17,807	1,868	(1,154)	10,107	-	12,535	4,804	2,745	51,678
NON OPERATING (EXPENSES) REVENUES										
Interest expense	(946)	(15,901)	(2,696)	-	(15,185)	-	-	-	-	(34,728)
Interest income	320	446	8	-	172	-	428	43	(172)	1,245
Other	20	3,564	1,471	-	2,440	-	-	44	385	7,924
TOTAL NON OPERATING (EXPENSES) REVENUES	(606)	(11,891)	(1,217)	-	(12,573)	-	428	87	213	(25,559)
FUTURE RECOVERABLE AMOUNTS	(516)	(11,268)	(856)	-	2,144	-	-	-	(1,301)	(11,797)
REFUNDS TO PARTICIPANTS	(2,994)	(1,058)	(151)	428	(2,641)	-	(1,099)	(2,585)	(214)	(10,314)
INCREASE (DECREASE) IN NET POSITION	(1,150)	(6,410)	(356)	(726)	(2,963)	-	11,864	2,306	1,443	4,008
NET POSITION, Beginning of year	13,073	13,797	765	100	6,207	-	(3,768)	4,492	(606)	34,060
NET POSITION, End of year	\$ 11,923	\$ 7,387	\$ 409	\$ (626)	\$ 3,244	\$ -	\$ 8,096	\$ 6,798	\$ 837	\$ 38,068

* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENTS OF CASH FLOW

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2018											
GENERATING & TRANSMISSION RESOURCES											
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined Total	
CASH FLOWS FROM OPERATING ACTIVITIES											
Received from participants	\$ 5,617	\$ 19,098	\$ 6,462	\$ 1,873	\$ 25,144	\$ -	\$ 303,724	\$ 19,237	\$ 1,109	\$ 382,264	
Received from others	28,381	29,613	1,194	2,523	51,455	-	73,173	2,647	(10,100)	178,886	
Payments for employee services	(12,252)	(5,784)	(957)	(1,395)	(6,670)	-	-	(11,642)	-	(38,700)	
Payments to suppliers for goods and services	(14,277)	(13,979)	(2,520)	(3,503)	(44,863)	-	(364,213)	1,700	2,585	(439,070)	
Payments from(to) other programs *	666	(270)	(64)	(111)	(295)	-	-	74	-	-	
NET CASH FLOWS FROM OPERATING ACTIVITIES	8,135	28,678	4,115	(613)	24,771	-	12,684	12,016	(6,406)	83,380	
CASH FLOWS FROM INVESTING ACTIVITIES											
Proceeds from maturities and sales of investments	14,191	30,136	4,952	-	22,706	-	9,014	-	18,450	99,449	
Interest received on cash and investments	482	511	59	-	401	-	571	43	1,179	3,246	
Purchase of investments	(18,217)	(34,217)	(5,012)	-	(23,937)	-	(10,029)	-	(37,832)	(129,244)	
NET CASH FLOWS FROM INVESTING ACTIVITIES	(3,544)	(3,570)	(1)	-	(830)	-	(444)	43	(18,203)	(26,549)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES											
Acquisition and construction of electric plant	(711)	(547)	(18)	(272)	(240)	-	-	(76)	(547)	(2,411)	
Interest paid on long-term debt	(778)	(15,856)	(1,783)	-	(15,537)	-	-	-	-	(33,954)	
Principal repayment on long-term debt	(3,995)	(21,385)	(3,760)	-	(10,690)	-	-	-	-	(39,830)	
Proceeds from bond issues	-	78,468	-	-	38,970	-	-	-	-	117,438	
Payments to refund debt	-	(78,948)	-	-	(38,766)	-	-	-	-	(117,714)	
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(5,484)	(38,268)	(5,561)	(272)	(26,263)	-	-	(76)	(547)	(76,471)	
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES											
Other proceeds	20	3,564	1,471	-	2,440	-	-	26	385	7,906	
Refunds to participants	(2,994)	(1,058)	(151)	428	(2,641)	-	(1,099)	(2,585)	(214)	(10,314)	
Payments from(to) other programs *	1,888	7,907	97	457	1,474	-	(7,296)	(9,392)	4,865	-	
NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(1,086)	10,413	1,417	885	1,273	-	(8,395)	(11,951)	5,036	(2,408)	
NET CHANGE IN CASH AND CASH EQUIVALENTS											
Beginning of year	10,479	31,922	958	1	5,176	-	3,893	39	73,576	126,044	
End of year	\$ 8,500	\$ 29,175	\$ 928	\$ 1	\$ 4,127	\$ -	\$ 7,738	\$ 71	\$ 53,456	\$ 103,996	

* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF CASH FLOW - Continued

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS
(000's omitted)

For the Year Ended June 30, 2018											
GENERATING & TRANSMISSION RESOURCES											
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined	
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH FLOWS FROM OPERATING ACTIVITIES											
Operating income	\$ 2,966	\$ 17,807	\$ 1,868	\$ (1,154)	\$ 10,107	\$ -	\$ 12,535	\$ 4,804	\$ 2,745	\$ 51,678	
Adjustments to reconcile net operating revenues to net cash from operating activities:											
Depreciation	3,897	9,664	2,206	183	14,613	-	-	40	312	30,915	
	6,863	27,471	4,074	(971)	24,720	-	12,535	4,844	3,057	82,593	
CASH FLOWS IMPACTED BY CHANGES IN											
Accounts receivable	-	-	64	225	(59)	-	4,589	(686)	(233)	3,900	
Inventory, prepaid expense, and unused vendor credits	44	(77)	(2)	(4)	(26)	-	-	7	(205)	(263)	
Operating reserves and other deposits	1,929	1,168	1	60	1,244	-	4,716	7,899	(9,972)	7,045	
Member advances	-	-	-	-	-	-	-	75	-	75	
Regulatory credits	(715)	133	(54)	93	(1,368)	-	-	(27)	389	(1,549)	
Accounts payable	14	(17)	32	(16)	260	-	(9,156)	(96)	558	(8,421)	
NET CASH FROM OPERATING ACTIVITIES	\$ 8,135	\$ 28,678	\$ 4,115	\$ (613)	\$ 24,771	\$ -	\$ 12,684	\$ 12,016	\$ (6,406)	\$ 83,380	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION											
Cash and cash equivalents - current assets	\$ 1	\$ -	\$ 1	\$ 1	\$ 73	\$ -	\$ -	\$ 71	\$ 38,414	\$ 38,561	
Cash and cash equivalents - restricted assets	8,499	29,175	927	-	4,054	-	7,738	-	15,042	65,435	
End of year	\$ 8,500	\$ 29,175	\$ 928	\$ 1	\$ 4,127	\$ -	\$ 7,738	\$ 71	\$ 53,456	\$ 103,996	

GENERATION ENTITLEMENT SHARES - UNAUDITED

NORTHERN CALIFORNIA POWER AGENCY
AND ASSOCIATED POWER CORPORATIONS

	Table of Generation Entitlement Shares					LEC Debt Shares	
	Geothermal Project No. 3	Hydroelectric Project No. One	Capital Facilities Project	Combustion Turbine No. One	Lodi Energy Center (LEC)	LEC Indenture Group A	LEC Indenture Group B
NCPA Member Participants:							
Alameda	16.8825%	10.0000%	19.0000%	21.8200%			
BART					6.6000%	11.8310%	
Biggs	0.2270%			0.1970%	0.2679%	0.4802%	
Gridley	0.3360%			0.3500%	1.9643%	3.5212%	
Healdsburg	3.6740%	1.6600%		5.8330%	1.6428%	2.9448%	
Lodi	10.2800%	10.3700%	39.5000%	13.3930%	9.5000%	17.0295%	
Lompoc	3.6810%	2.3000%	5.0000%	5.8330%	2.0357%	3.6491%	
Palo Alto		22.9200%					
Plumas-Sierra REC	0.7010%	1.6900%		1.8170%	0.7857%	1.4084%	
Roseville	7.8830%	12.0000%	36.5000%				
Santa Clara	44.3905%	37.0200%		41.6670%	25.7500%	46.1588%	
Ukiah	5.6145%	2.0400%		9.0900%	1.7857%	3.2010%	
Other Participants:							
Azuza					2.7857%	4.9936%	
California Dept. of Water Resources					33.5000%		100.0000%
Modesto Irrigation District					10.7143%		
Power & Water Resources Pooling Agency					2.6679%	4.7824%	
Turlock Irrigation District	6.3305%						
	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.000%	100.000%
	Note A	Note A, B		Note A	Note B		

Note A: Project Entitlement shares are after transfers among participants.

Note B: Project Generation Shares may vary from project cost shares due to varied financing and fuel supply arrangements.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C regarding DTC and its book-entry system has been obtained from DTC's website, for use in securities offering documents, and NCPA takes no responsibility for the accuracy or completeness thereof or for the absence of material changes in such information after the date hereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2019 Series A Bonds. The 2019 Series A Bonds will be issued as fully-registered securities, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2019 Series A Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2019 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Series A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Series A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2019 Series A Bonds, except in the event that use of the book-entry system for the 2019 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Series A Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Series A Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2019 Series A Bond documents. For example, Beneficial Owners of 2019 Series A Bonds may wish to ascertain that the nominee holding the 2019 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2019 Series A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to NCPA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2019 Series A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from NCPA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Trustee, or NCPA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of NCPA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2019 Series A Bonds at any time by giving reasonable notice to NCPA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2019 Series A Bond certificates are required to be printed and delivered.

NCPA may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2019 Series A Bond certificates will be printed and delivered to DTC.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

Summary of Certain Provisions of the Indenture

The following is a summary of certain provisions of the Indenture. This summary is not to be considered a full statement of the terms of the Indenture and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not defined in this summary or elsewhere in the Official Statement have the respective meanings set forth in the Indenture.

Certain Definitions

“Account” shall mean any account, including any Subaccounts therein, in any Fund held and maintained under the Indenture.

“Accountant’s Certificate” shall mean a certificate signed by an independent certified public accountant of recognized national standing, or a firm of independent certified public accountants of recognized national standing, selected by NCPA.

“Act” shall mean the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of California, as amended and supplemented.

“Additional Bonds” shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to the Indenture to pay costs of the Project, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

“Aggregate Debt Service” shall mean, as of any date of calculation and with respect to any period, the sum of the amounts of Debt Service during such period with respect to all Outstanding Bonds.

“Annual Budget” shall mean the annual budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in the Indenture.

“Authorized Denominations” shall mean, unless otherwise provided with respect to a Series of Bonds is the Supplemental Indenture authorizing such Series, \$5,000 and any integral multiple thereof.

“Authorized NCPA Representative” shall mean the General Manager, the Assistant General Manager - Finance and Administrative Services and Chief Financial Officer, the Treasurer-Controller, the Secretary, or an Assistant Secretary of NCPA and any other officer or employee of NCPA authorized by resolution duly adopted by NCPA to perform the specific acts or duties to be performed.

“Bond” or **“Bonds”** shall mean any bond or bonds, as the case may be, authenticated and delivered under and pursuant to the Indenture.

“Bond Counsel” shall mean an attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds selected by NCPA.

“Bond Register” shall mean the registration books for the ownership of the Bonds maintained by the Bond Registrar pursuant to the Indenture.

“Bond Registrar” shall mean the Trustee or any other bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by NCPA to perform the duties of Bond Registrar enumerated in the Indenture.

“Business Day” shall mean any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York, or any city in which is located the principal corporate trust office of the Trustee.

“Capital Improvement” shall mean any addition, betterment, replacement, renewal, extension or improvement of the Project, including, without limitation, the acquisition of land or any interests therein, which under generally accepted accounting principles are chargeable to a capital account and capital costs for the extension, reinforcement, enlargement or other improvement of facilities, property or the acquisition of interests therein, whether or not included as part of the Project, determined by NCPA to be necessary or convenient in connection with the utilization of the Project.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code in the Indenture shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder and applicable to the Bonds or the use of proceeds thereof, and also includes all amendments and successor provisions unless the context clearly requires otherwise.

“Cost” shall mean all costs and expenses of planning, designing, acquiring, constructing, installing and financing the Project, placing the Project in operation, disposal of the Project, decommissioning of the Project and obtaining governmental approvals, certificates, permits and licenses with respect thereto heretofore or hereafter paid or incurred by NCPA. The term Cost shall include, but shall not be limited to, funds required for:

- (a) Costs of preliminary investigation and development, the performance or acquisition of feasibility and planning studies, and the securing of regulatory approvals, as well as costs for land and land rights, engineering and contractors’ fees, labor, materials, equipment, utility services and supplies, legal fees, fees incurred pursuant to any lending or credit facility or agreement, and financing expenses.

- (b) Working capital and reserves therefor in such amounts as shall be determined by the NCPA Commission.

- (c) Interest accruing in whole or in part on Bonds prior to and during construction of the Project or any portion thereof, and for such additional period as the NCPA Commission may determine.

- (d) The deposit or deposits from the proceeds of the Bonds in any Funds or Accounts which deposit or deposits are required by the Indenture.

- (e) The payment of principal, redemption price, if any, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption) of any note or other evidence of indebtedness the proceeds of which were applied to any of the costs of the Project.

- (f) Training and testing costs which are properly allocable to the acquisition, placing in operation, or construction of the Project.

(g) All costs of insurance applicable to the period of construction and placing the Project in operation.

(h) All costs relating to injury and damage claims arising out of the acquisition or construction of the Project less proceeds of insurance.

(i) Legally required or permitted federal, state and local taxes and payments in lieu of taxes relating to the Project.

(j) All costs relating to the issuance and sale of Bonds.

(k) Amounts due the United States of America as rebate of investment earnings with respect to the proceeds of the Bonds or as penalties in lieu thereof.

(l) Amounts payable with respect to capital costs for the expansion, reinforcement, enlargement or other improvement of facilities determined by NCPA as necessary in connection with the utilization of the Project and the costs associated with the removal from service or reductions in service of any facilities as a result of the expansion, reinforcement, enlargement or other improvement of such facilities or the construction of the Project.

(m) All other costs incurred by NCPA and properly allocable to the acquisition, construction, or placing in operation of the Project or any portion thereof.

“Costs of Issuance Fund” shall mean the fund so designated established pursuant to the Indenture.

“Debt Service” shall mean, as of any date of calculation, with respect to any period, an amount equal to the sum of (i) interest accruing during such period on the Outstanding Bonds, except to the extent that such interest is to be paid from deposits into the Debt Service Fund from Bond proceeds or the investment earnings thereon, provided, however that in determining Debt Service with respect to any Bonds during a period that such Bonds bear interest at a variable rate, interest on such Bond during such period shall be the maximum interest rate applicable to such Bond and (ii) that portion of each Principal Installment for the Outstanding Bonds which would accrue during such period if each such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Bonds (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds, whichever date is later).

“Debt Service Account” shall mean the account so designated established in the Debt Service Fund pursuant to the Indenture.

“Debt Service Fund” shall mean the Fund so designated established pursuant to the Indenture.

“Debt Service Reserve Account” shall mean the account so designated established in the Debt Service Reserve Fund pursuant to the Indenture.

“Debt Service Reserve Fund” shall mean the Fund so designated established pursuant to the Indenture.

“Debt Service Reserve Requirement” shall mean, as of the date of calculation: (i) with respect to the Debt Service Reserve Account, an amount equal to the greatest amount of Debt Service for the

Participating Bonds coming due in the then current or any future Fiscal Year; and (ii) with respect to any Series Debt Service Reserve Account established in connection with Future Bonds, the amount, if any, specified as such in the Supplemental Indenture establishing such Series Debt Service Reserve Account. There is no Series Debt Service Reserve Account established in connection with the 2019 Series A Bonds and the Debt Service Reserve Requirement for the 2019 Series A Bonds shall be \$0.

“Defeasance Securities” shall mean direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America.

“DTC” shall mean The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns. References in the Indenture to DTC shall include any nominee of DTC in whose name any Bonds are then registered.

“Event of Default” shall have the meaning given to such term under the caption “Events of Default” in this summary.

“Fiduciary” or “Fiduciaries” shall mean the Trustee, the Bond Registrar, the Paying Agents, the Depositories, or any or all of them, as may be appropriate.

“Financial Guaranty” shall mean one or more of the following to be delivered to the Trustee pursuant to the Indenture: (i) irrevocable, unconditional and unexpired letters of credit issued by banking institutions; (ii) an irrevocable and unconditional policy or policies of insurance in full force and effect issued by municipal bond insurers; in each case providing for the payment thereunder of sums for the payment of Principal Installments with respect to, and interest on, Bonds as required by the Indenture.

“Fiscal Year” shall mean the twelve-month period commencing at 12:01 a.m. on July 1 of each year and ending at the time immediately preceding 12:01 a.m. on the following July 1 or any other period of twelve consecutive months adopted by NCPA as its fiscal year.

“Fitch” shall mean Fitch Ratings, Inc. and its corporate successors.

“Fund” shall mean each of the Funds established pursuant to the Indenture.

“Future Bonds” shall mean Additional Bonds and Refunding Bonds issued pursuant to the Indenture after the issuance of the 2019 Series A Bonds.

“Indenture” shall mean the Indenture of Trust, dated as of December 1, 2019, by and between NCPA and the Trustee.

“Interest Payment Date” shall mean, with respect to the 2019 Series A Bonds, February 1 and August 1 of each year, commencing August 1, 2020, and with respect to a Series of Future Bonds the dates specified as such in the Supplemental Indenture authorizing such Bonds.

“Investment Securities” shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of NCPA’s funds:

- (1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America);

- (2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any federal agency, which obligations are backed by the full faith and credit of the United States of America;
- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any federal agency, including obligations which are not fully guaranteed by the full faith and credit of the United States of America;
- (4) Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating of “AAAm” by S&P or “Aaa-mf” by Moody’s;
- (5) Commercial paper rated, at the time of purchase, “P-1” by Moody’s or “A-1+” by S&P and which matures not more than 270 days after its date of purchase;
- (6) U.S. dollar denominated deposit accounts, federal funds or bankers’ acceptances with domestic commercial banks, which have a rating on their short-term certificates of deposit (on the date of purchase) of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and which mature no more than 360 days after their date of purchase (Ratings on holding companies are not considered as the rating of the bank);
- (7) General obligations of any state, which are rated “A2/A” or higher by both Moody’s and S&P;
- (8) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state or any agency, instrumentality or local governmental unit of any state, which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in a notice, and which are:
 - (a) Rated, based on an irrevocable escrow account or fund, in the highest rating category of S&P and Moody’s; or
 - (b) Fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (1) hereof, which escrow may be applied only to the payment of such principal or and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to irrevocable instructions, as appropriate, and which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (8) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (9) Investment agreements or guaranteed investment contracts, supported by appropriate opinions of counsel, with notice to S&P;
- (10) California State Local Agency Investment Fund, a pooled investment fund managed by the State of California Treasurer’s office meeting all legal guidelines and requirements for the investment of California public agency funds;

(11) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended; provided that such shares are held in the name and to the credit of the Trustee; and

(12) Any other form of investment (including repurchase agreements) with notice to S&P.

“Members” shall mean the City of Alameda, the City of Biggs, the City of Gridley, the City of Healdsburg, the City of Lodi, the City of Lompoc, the City of Palo Alto, the City of Redding, the City of Roseville, the City of Santa Clara, the City of Shasta Lake, the City of Ukiah, the City of Oakland acting by and through its Board of Port Commissioners, the Truckee Donner Public Utility District, and the San Francisco Bay Area Rapid Transit District, as members and the Plumas-Sierra Rural Electric Cooperative, as an associate member.

“Moody’s” shall mean Moody’s Investors Service, Inc., and its corporate successors.

“NCPA” shall mean the Northern California Power Agency, a joint exercise of powers agency created pursuant to the Act.

“NCPA Commission” shall mean the NCPA Commission, as constituted from time to time, or if said NCPA Commission shall be abolished, such other entity or entities succeeding to the principal functions thereof or to whom the power and duties granted or imposed by the Indenture shall be given.

“NCPA Operating Expenses” shall mean current expenses or obligations required to be paid by NCPA under the provisions of the Unit One Member Agreement or by law, all to the extent properly allocable to the operation or maintenance of the Project or required to be incurred under or in connection with the performance of the Unit One Member Agreement, expenses incurred in connection with the purchase or redemption of Bonds, the amounts required to be paid in the Rebate Fund pursuant to the Rebate Instructions, and all other costs (including overhead) properly allocable to the operation or maintenance of the Project. NCPA Operating Expenses shall not include any costs or expenses for new construction or any allowance for depreciation of the Project.

“Operating Fund” shall mean the Fund so designated established pursuant to the Indenture.

“Operating Reserve Account” shall mean the Account in the Operating Fund so designated established pursuant to the Indenture.

“Opinion of Bond Counsel” shall mean a written opinion signed by Bond Counsel.

“Option Bonds” shall mean Bonds which by their terms may be tendered by and at the option of the Owner thereof for purchase prior to the stated maturity thereof.

“Outstanding,” when used with reference to Bonds, shall mean, as of any date, Bonds theretofore, or thereupon being, authenticated and delivered under the Indenture except:

(i) Bonds cancelled by the Trustee, or delivered to the Trustee for cancellation, at or prior to such date;

(ii) Bonds paid or deemed paid pursuant to the Indenture; and

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture.

“Owner” shall mean the person registered as the owner of a Bond in the Bond Register.

“Parity Debt” shall mean bonds, notes, installment sale obligations, lease obligations or other evidences of indebtedness, and reimbursement agreements and other contracts relating to credit enhancement with respect to any of the foregoing, in each case satisfying the requirements of the Indenture.

“Participating Bonds” shall mean all Future Bonds other than Bonds authorized by a Supplemental Indenture that provides that such Bonds are not Participating Bonds in accordance with the provisions of the Indenture.

“Paying Agent” shall mean the Trustee and any other commercial bank or trust company organized under the laws of any state of the United States of America, or any national banking association, designated as paying agent for the Bonds, and its successor or successors appointed in the manner provided in the Indenture.

“Principal Installment” shall mean, as of any date of calculation, (i) the principal amount of Outstanding Bonds due on a certain future date for which no Sinking Fund Installments have been established and (ii) the unsatisfied balance (determined as provided in the Indenture) of any Sinking Fund Installments due on a certain future date for Outstanding Bonds.

“Project” shall have the meaning set forth in the Unit One Member Agreement.

“Project Participant” shall mean a party, other than NCPA, to the Unit One Member Agreement.

“Project Revenues” shall mean (i) all revenues, income, rents and receipts derived from or attributable to the Project or to the payment of the Costs thereof received or to be received by NCPA including without limitation payments from Project Participants pursuant to the Unit One Member Agreement and amounts realized pursuant to the security arrangements contemplated by the Unit One Member Agreement, amounts received pursuant to the Indenture, and amounts received by NCPA pursuant to any other contract or arrangement for the sale by NCPA of the capacity, use or service of the Project, and (ii) the proceeds of any insurance, including the proceeds of any self-insurance fund, covering business interruption loss relating to NCPA’s interest in the Project, (iii) interest received or to be received on any moneys or securities held pursuant to the Indenture and required to be paid into the Revenue Fund.

“Prudent Utility Practice” shall mean any of the practices, methods and acts, which, in the exercise of reasonable judgment in the light of the facts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior hereto) known at the time the decision was made, would have been expected to accomplish the desired result at a reasonable cost consistent with sound utility business and financial practices approved by the Western Electricity Coordinating Council or the North American Electric Reliability Corporation, reliability, safety and expedition, taking into account the fact that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at a reasonable cost consistent with reliability, safety and expedition. Prudent Utility Practice includes due regard for manufacturers’ warranties and requirements of governmental agencies of

competent jurisdiction and official electric industry reliability organizations and shall apply not only to functional parts of the Project, but also to appropriate structures, landscaping, painting, signs, lighting, other facilities and public relations programs reasonably designed to promote public enjoyment, understanding and acceptance of the Project.

“Rebate Fund” shall mean the Fund so designated established in the Indenture.

“Rebate Instructions” shall mean those calculations and written directions required to be delivered to the Trustee by NCPA pursuant to the Indenture.

“Rebate Requirement” shall mean the Rebate Requirement as defined in the Tax Certificate.

“Redemption Date” shall mean the date fixed for the redemption of a Bond or portion thereof as contemplated by the Indenture.

“Redemption Price” shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

“Refunding Bonds” shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to the Indenture to refund Bonds or Parity Debt, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

“Representation Letter” shall mean the letter or letters of representations from NCPA and the Trustee to, or other instrument or agreement among NCPA and the Trustee with, a Securities Depository for the Bonds in which NCPA and the Trustee, among other things, make certain representations to such Securities Depository with respect to the Bonds, the payment thereof, and delivery of notices with respect thereto.

“Reserve and Contingency Fund” shall mean the Fund so designated established pursuant to the Indenture.

“Revenue Fund” shall mean the Fund so designated established pursuant to the Indenture.

“S&P” shall mean S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC and its corporate successors.

“Securities Depository” shall mean DTC and its successors and assigns or if (i) the incumbent Securities Depository resigns from its functions as depository of the Bonds or (ii) NCPA discontinues use of the incumbent Securities Depository pursuant to the Indenture, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by NCPA.

“Series” when used with reference to the Bonds, shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Indenture (including any Supplemental Indenture) as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture (including any Supplemental Indenture), regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

“Series Debt Service Reserve Account” shall mean each such Account established within the Debt Service Fund with respect to a Series of Future Bonds that are not Participating Bonds.

“Sinking Fund Installment” shall mean, with respect to the Bonds, each amount so designated which is established pursuant to the Indenture.

“Subaccounts” shall mean any or all subaccounts in any or all of the Accounts held and maintained under the Indenture.

“Supplemental Indenture” shall mean any indenture supplemental to or amendatory of the Indenture as theretofore in effect, entered into by NCPA and the Trustee in accordance with the Indenture.

“Surplus Fund” shall mean the Fund so designated established pursuant to the Indenture.

“Tax Certificate” shall mean the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 signed by NCPA on the date of original issuance of any Bonds relating to the requirements of the Code.

“Trustee” shall mean U.S. Bank National Association, its successor or successors and any other entity which may at any time be substituted in its place as trustee pursuant to the Indenture.

“Trust Estate” shall mean (a) subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein and the provisions of the Indenture, (i) the Project Revenues and (ii) all amounts on deposit in the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund, including the investments, if any, thereof; and (b) all of NCPA’s right, title and interest in and to the Unit One Member Agreement; provided that the pledge of the Project Revenues and amounts in the Revenue Fund and NCPA’s right, title and interest in and to the Unit One Member Agreement shall be on a parity with any pledge thereof securing Parity Debt.

“2019 Bonds Debt Service Account” shall mean the Account in the Debt Service Fund established pursuant to the Indenture.

“2019 Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement, dated the date of original issuance of the 2019 Series A Bonds, between NCPA and the Trustee, as dissemination agent, in connection with the 2019 Series A Bonds pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

“2019 Series A Bonds” shall mean NCPA’s Capital Facilities Revenue Bonds, 2019 Refunding Series A authorized pursuant to the Indenture.

“Unit One Member Agreement” shall mean the Agreement for Construction, Operation and Financing of Combustion Turbine Project Number Two - Unit One, dated as of August 1, 1992, among NCPA and the Cities of Alameda, Lodi, Lompoc and Roseville, as the same may be amended and supplemented in accordance with its terms and the terms of the Indenture.

Pledge Effected by the Indenture

The Bonds shall be special, limited obligations of NCPA payable only from the Trust Estate and secured as to the payment of the principal and Redemption Price thereof and interest thereon in accordance with their terms and the provisions of the Indenture solely by the pledge and assignment of the Trust Estate, which pledge is subject to the application of the Trust Estate for the purposes and on the terms and conditions contained in the Indenture; provided, however, that such pledge and assignment of the Project Revenues, amounts in the Revenue Fund and NCPA’s right, title and interest in and to the

Unit One Member Agreement shall be in all respects on a parity with any pledge and assignment thereof as security for Parity Debt.

The Trust Estate shall immediately be subject to the lien of such pledge without any other further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against NCPA, irrespective of whether such parties have notice thereof. Any moneys withdrawn from any Fund or Account and not deposited into the Revenue Fund, the Debt Service Fund or the Debt Service Reserve Fund, except as otherwise provided in the Indenture, shall be released from the pledge and assignment made pursuant to the Indenture. Upon the payment, or provision for the payment in accordance with the Indenture, of all of the Bonds, the Unit One Member Agreement shall be released from the pledge and assignment made pursuant to the Indenture and no longer included in the Trust Estate.

The Bonds shall not constitute a charge against the general credit of NCPA and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of NCPA or any of its income or receipts except the Trust Estate to the extent set forth in the Indenture, and as to any particular Bonds, any other moneys to be provided therefor pursuant to the Indenture. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any Member is pledged to the payment of the principal or Redemption Price of, or interest on, the Bonds. Neither the payment of the principal or Redemption Price of, or interest on, the Bonds constitutes a debt, liability or obligation of the State of California or any public agency thereof (other than NCPA) or any Member.

Nothing contained in the Indenture shall be construed to prevent NCPA from acquiring and financing through the issuance of its bonds, notes or other evidences of indebtedness any facilities or any interest in facilities which do not constitute a part of the Project for the purposes of the Indenture; provided such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Trust Estate and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Trust Estate.

Establishment of Funds and Application Thereof

Funds and Accounts. The Indenture establishes the following Funds and Accounts:

- (1) Costs of Issuance Fund, to be held by NCPA;
- (2) Revenue Fund, to be held by NCPA;
- (3) Operating Fund, to be held by NCPA, including the Operating Reserve Account;
- (4) Rebate Fund, to be held by the Trustee;
- (5) Debt Service Fund, to be held by the Trustee, which shall consist of (i) the Debt Service Account, (ii) the 2019 Bonds Debt Service Account, and (iii) such Accounts in the Debt Service Fund as shall be established in the Supplemental Indenture authorizing a Series of Future Bonds that are not Participating Bonds;
- (6) Debt Service Reserve Fund, to be held by the Trustee, which shall consist of (i) the Debt Service Reserve Account, and (ii) any Series Debt Service Reserve Accounts as shall be established in connection with Future Bonds by NCPA that are not Participating Bonds pursuant to the Indenture;
- (7) Reserve and Contingency Fund, to be held by NCPA; and

- (8) Surplus Fund, to be held by NCPA.

Project Revenues and Revenue Fund. All Project Revenues shall be deposited, promptly on receipt thereof, to the credit of the Revenue Fund, and applied as provided in the Indenture.

Payments From the Revenue Fund. As soon as practicable in each month, but in any case no later than the last Business Day of such month, NCPA shall withdraw moneys from the Revenue Fund and deposit in the following Funds and Accounts, in the following order, the amounts set forth below:

(a) NCPA shall withdraw from the Revenue Fund and deposit in the Operating Fund the amount which, together with any amount therein (other than amounts in the Operating Reserve Account) is equal to the total amount appropriated for NCPA Operating Expenses in such month pursuant to the then current Annual Budget.

(b) NCPA shall withdraw from the Revenue Fund and transfer to the Trustee (or paying agent for Parity Debt, as applicable) for deposit: (i) subject to the provisions of the Indenture, in the Debt Service Account the amount necessary so that the balance in said Account shall equal the Debt Service to accrue on the Participating Bonds to the last day of such month; (ii) in the 2019 Bonds Debt Service Account the amount necessary so that the balance in said Account shall equal the Debt Service to accrue on the 2019 Series A Bonds to the last day of such month; (iii) in each Account in the Debt Service Fund established for a Series of Future Bonds that are not Participating Bonds the amount, if any, required so that the balance in said Account shall equal the Debt Service to accrue on such Series of Future Bonds to the last day of such month; provided that, for the purposes of computing the amount on deposit in any such Account, there shall be excluded from the balance of such Account: (A) the amount, if any, set aside in such Account from the proceeds of Bonds for the payment of the principal, Redemption Price, or interest on Bonds, less the amount of such proceeds to be applied in accordance with the Indenture to the payment of the principal, Redemption Price or interest accrued and unpaid and to accrue on applicable Bonds to the last day of the then current calendar month; and (B) the amount, if any, set aside in any such Account for the payment of Principal Installments or Redemption Price of, or interest on, the applicable Bonds which are then due and payable; and (iv) in any fund or account created to pay debt service on Parity Debt the amount, if any, required so that the balance therein shall equal the payments coming due therein to the last day of such month; provided that if the amount of Project Revenues available in any month is insufficient to make all required deposits described in this paragraph (b), then the available Project Revenues shall be deposited in each Account in the Debt Service Fund and the funds or accounts created to pay debt service on Parity Debt pro rata based on the amounts due.

(c) Subject to the provisions of the Indenture, NCPA shall withdraw from the Revenue Fund and transfer to the Trustee (or paying agent for Parity Debt, as applicable) for deposit in each Account in the Debt Service Reserve Fund, the amount, if any, required so that the amount in such Account is equal to the applicable Debt Service Reserve Requirement and the amount, if any, necessary to reimburse each drawing on a Financial Guaranty related to each Account in the Debt Service Reserve Fund and to pay any interest or other amounts due with respect to a Financial Guaranty related to each Account in the Debt Service Reserve Fund; and for deposit in the debt service reserve, if any, established for Parity Debt the amount required to be deposited in such debt service reserve pursuant to the instrument or proceedings authorizing such Parity Debt; provided that if the amount of Project Revenues available in any month is insufficient to make all required deposits described in this paragraph (c), then the available Project Revenues shall be deposited into each Account in the Debt Service Reserve Fund and the debt service reserves for Parity Debt pro rata based on the amounts due.

(d) NCPA shall withdraw from the Revenue Fund and deposit in the Reserve and Contingency Fund the amount, if any, provided for deposit therein during such month pursuant to the then current Annual Budget.

(e) On the last Business Day of each month after making the deposits required by the Indenture, NCPA shall withdraw from the Revenue Fund and deposit in the Surplus Fund the balance, if any, of moneys remaining in the Revenue Fund.

Application of Operating Fund.

(a) Moneys, including proceeds of Bonds, may be deposited in the Operating Reserve Account or otherwise set aside in the Operating Fund as working capital or a reserve for working capital.

(b) Amounts in the Operating Fund (other than amounts in the Operating Reserve Account, except as provided in paragraph (d) of below) shall be paid out from time to time by NCPA for reasonable and necessary NCPA Operating Expenses, including making deposits to the Rebate Fund to satisfy the Rebate Requirement.

(c) Amounts in the Operating Fund which NCPA at any time determines to be in excess of the requirements of such Fund, such determination to be evidenced by a written statement to this effect signed by an Authorized NCPA Representative, shall be applied to make up any deficiencies in the following Funds in the order stated: Debt Service Fund; Debt Service Reserve Fund; and the Reserve and Contingency Fund. Any balance of such excess not so applied shall be deposited in the Surplus Fund.

(d) Amounts in the Operating Reserve Account, if any, shall be paid out from time to time by NCPA for reasonable and necessary NCPA Operating Expenses in the event that other moneys in the Operating Fund available for such purpose are insufficient therefor.

Application of Debt Service Fund.

(a) The Trustee shall transfer from the Debt Service Account in the Debt Service Fund to the Paying Agent: (i) on or before each Interest Payment Date for any of the Outstanding Participating Bonds the interest on such Participating Bonds payable on such due date; (ii) on or before each due date therefor, the Principal Installment on Outstanding Participating Bonds payable on such due date; and (iii) on or before any Redemption Date for Outstanding Participating Bonds, the amount required for payment of the Redemption Price and any accrued interest on the Participating Bonds then to be redeemed. Amounts received by the Paying Agents as described in this paragraph shall be applied by the Paying Agents to the payment of the principal or Redemption Price, as applicable, of, and interest on, the Participating Bonds on and after the due dates thereof.

(b) The Trustee shall transfer from the 2019 Debt Service Account in the Debt Service Fund to the Paying Agent: (i) on or before each Interest Payment Date for any of the Outstanding 2019 Series A Bonds the interest on such 2019 Series A Bonds payable on such due date; (ii) on or before each due date therefor, the Principal Installment on Outstanding 2019 Series A Bonds payable on such due date; and (iii) on or before any Redemption Date for Outstanding 2019 Series A Bonds, the amount required for payment of the Redemption Price and any accrued interest on the 2019 Series A Bonds then to be redeemed. Amounts received by the Paying Agents as described in this paragraph shall be applied by the Paying Agents to the payment of the principal or Redemption Price, as applicable, of, and interest on, the 2019 Series A Bonds on and after the due dates thereof.

(c) The Trustee shall transfer from each Debt Service Account in the Debt Service Fund established for a Series of Future Bonds that are not Participating Bonds to the Paying Agent: (i) on or before each Interest Payment Date for any of the Outstanding Bonds of such Series the interest on such Future Bonds payable on such due date; (ii) on or before each due date therefor, the Principal Installment on Outstanding Bonds of such Series payable on such due date; and (iii) on or before any Redemption Date for Outstanding Bonds of such Series, the amount required for payment of the Redemption Price and any accrued interest on the such Bonds then to be redeemed. Amounts received by the Paying Agents as described in this paragraph shall be applied by the Paying Agents to the payment of the principal or Redemption Price, as applicable, of, and interest on, the applicable Series of Future Bonds that are not Participating Bonds on and after the due dates thereof.

(d) Amounts accumulated in the applicable Account in the Debt Service Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) may, and if so directed in writing by an Authorized NCPA Representative shall, be applied by the Trustee, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms. All purchases of any Bonds made pursuant to the provisions described in this paragraph shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed by NCPA. The applicable sinking fund Redemption Price (or principal of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the applicable Account in the Debt Service Fund until such Sinking Fund Installment due date, for the purpose of calculating the amount in such Account.

If directed in writing by an Authorized NCPA Representative on or prior to the 45th day next preceding any Sinking Fund Installment due date, there shall be applied as a credit against such Sinking Fund Installment, and there shall be deemed to constitute part of the Debt Service Fund for the period commencing eleven months from such Sinking Fund Installment due date until such Sinking Fund Installment due date for the purpose of calculating the amount of such Fund, the principal amount of any Bonds of the maturity for which such Sinking Fund Installment was established which have been purchased or redeemed and cancelled or delivered to the Trustee for cancellation on or prior to the 45th day next preceding such Sinking Fund Installment due date and not previously applied as a credit against a Sinking Fund Installment.

No later than the 30th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as provided in the Indenture, Bonds of the maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment Date) in such amount as shall be necessary to complete the retirement of Bonds in an amount equal to the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Fund to the Paying Agent, on or before such Redemption Date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the Bonds then maturing), and such amount shall be applied by the Paying Agent to such redemption (or payment).

(e) The amount, if any, deposited in each applicable Account in the Debt Service Fund from the proceeds of Bonds for the purpose of paying interest on Bonds shall be set aside in such Fund and applied to the payment of interest on Bonds as provided in the Indenture or in any Supplemental Indenture.

(f) In the event of the refunding of one or more Bonds (or portions thereof), the Trustee shall, upon the written direction of an Authorized NCPA Representative, withdraw from the applicable Account or Accounts in the Debt Service Fund amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, as applicable, of, and interest on, the Bonds (or portions thereof) being refunded; provided, that such withdrawal shall not be made unless (i) immediately thereafter the Bonds (or portions thereof) being refunded shall be deemed to have been paid pursuant to the Indenture, and (ii) the amount remaining in such applicable Account or Accounts in the Debt Service Fund after such withdrawal shall not be less than the requirement of such Account or Accounts.

(g) Any provision of the Indenture to the contrary notwithstanding, so long as there shall be held in an Account in the Debt Service Fund an amount sufficient to pay in full the Bonds related to such Account in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into such Account in the Debt Service Fund.

Application of Debt Service Reserve Fund.

(a) If on the last Business Day of any month the amount in the Debt Service Account shall be less than the amount required to be in such Account pursuant to the Indenture with respect to the Outstanding Participating Bonds, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency with respect to the Participating Bonds. If on the last Business Day of any month the amount in a Debt Service Account established for a Series of Future Bonds that are not Participating Bonds shall be less than the amount required to be in such Account pursuant to the Indenture with respect to such Series of Future Bonds, the Trustee shall apply amounts from the applicable Series Debt Service Reserve Account (if any) to the extent necessary to make good the deficiency with respect to the Series of Future Bonds secured by such Series Debt Service Reserve Account.

(b) Except as provided in paragraph (g) below, whenever the moneys on deposit in the applicable Account in the Debt Service Reserve Fund shall exceed the applicable Debt Service Reserve Requirement, such excess shall be applied to the reimbursement of each drawing on a Financial Guaranty related to such Account and to the payment of interest or other amounts due with respect to such a Financial Guaranty to the extent payable from such Account and any remaining moneys shall be deposited in the Revenue Fund.

(c) Whenever the amount in the Debt Service Reserve Account (excluding Financial Guaranties), together with the amount in the Debt Service Account and available for such purposes, is sufficient to pay in full all Outstanding Participating Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account and applied to the payment or redemption of the Outstanding Participating Bonds.

(d) In the event of the refunding of one or more Participating Bonds (or portions thereof), the Trustee shall, upon the written direction of an Authorized NCPA Representative, withdraw from the Debt Service Reserve Account any or all of the amounts on deposit therein (excluding Financial Guarantees) and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if any, of, and interest on, the Participating Bonds (or portions thereof) being refunded; provided, that such withdrawal shall not be made unless (i) immediately thereafter the Series or maturities within a Series of Participating Bonds (or portions thereof) being refunded shall be deemed to have been paid pursuant to the Indenture, and (ii) the amount remaining in the Debt Service Reserve Account after such

withdrawal, taking into account any deposits to be made to the Debt Service Reserve Account in connection with such refunding, shall not be less than the applicable Debt Service Reserve Requirement.

(e) Whenever the amount in a Series Debt Service Reserve Account established for a Series of Future Bonds that are not Participating Bonds, together with the amount in the Debt Service Account established for such Series of Future Bonds available for such purpose, is sufficient to pay in full all Outstanding Future Bonds secured by such Series Debt Service Reserve Account in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the such Series Debt Service Reserve Account shall be transferred to the applicable Account in the Debt Service Fund and applied to the payment or redemption of the Series of Future Bonds that are not Participating Bonds secured by such Series Debt Service Reserve Account. Any provision of the Indenture to the contrary notwithstanding, so long as there shall be held in the appropriate Account in the Debt Service Fund available for such purpose, an amount sufficient to pay in full all Outstanding Future Bonds for which a Series Debt Service Reserve has been established in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the applicable Series Debt Service Reserve Account.

(f) In the event of the refunding of one or more Future Bonds that are not Participating Bonds, the Trustee may, upon the direction of NCPA with the advice of Bond Counsel, withdraw from the Series Debt Service Reserve Account, if any, with respect to such Future Bonds any or all of the amounts on deposit therein and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if any, and interest on the Future Bonds being refunded; provided that such withdrawal shall not be made unless (i) immediately thereafter the Series or maturities within a Series of Future Bonds being refunded shall be deemed to have been paid pursuant to the Indenture, and (ii) the amount remaining in such Series Debt Service Reserve Account after such withdrawal shall not be less than the applicable Debt Service Reserve Requirement (if any) with respect to such Series Debt Service Reserve Requirement.

(g) In lieu of the deposits and transfers to any Account in the Debt Service Reserve Fund required by the Indenture, NCPA may cause to be deposited in any Account in the Debt Service Reserve Fund a Financial Guaranty or Financial Guaranties with procedural terms satisfactory to the Trustee in an amount equal to the difference between the applicable Debt Service Reserve Requirement and the funds, if any, then on deposit in such Account or being deposited in such Account concurrently with such Financial Guaranty or Guaranties.

No deposit of a Financial Guaranty shall be made in any Account in the Debt Service Reserve Fund pursuant to the preceding paragraph unless the Trustee shall have received prior to such deposit (1) an opinion of counsel to the effect that such Financial Guaranty has been duly authorized, executed and delivered by the issuer thereof and is valid, binding and enforceable in accordance with its terms and (2) in the event such issuer is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to NCPA and the Trustee that such Financial Guaranty has been duly authorized, executed and delivered by the issuer thereof and is valid, binding and enforceable in accordance with its terms under the applicable foreign law; provided that such opinion (a) may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally and (b) need not express any opinion as to the availability of any specific remedy.

For the purposes of the Indenture, in computing the amount on deposit in an Account in the Debt Service Reserve Fund, a letter of credit, a surety bond or an insurance policy shall be valued at the amount available to be drawn or payable thereunder on the date of computation. The Trustee shall draw upon or otherwise take such action as is necessary in accordance with the terms of the Financial

Guaranties to receive payments with respect to the Financial Guaranties (including the giving of notice as required thereunder): (i) on any date on which moneys will be required to be withdrawn from the Account in the Debt Service Reserve Fund, as applicable, and applied to the payment of a Principal Installment or Redemption Price of, or interest on, any Bonds secured by such Account and such withdrawal cannot be met by amounts on deposit in the Account in the Debt Service Reserve Fund or the Series Debt Service Reserve Account, as applicable; (ii) unless such Financial Guaranty expires on the final maturity date for the then Outstanding Bonds secured by the Account in the Debt Service Reserve Fund or the Series Debt Service Reserve Account to which such Financial Guaranty is credited, as applicable, on the first Business Day which is at least 30 days prior to the expiration date of each Financial Guaranty, in an amount equal to the deficiency which would exist in the Account in the Debt Service Reserve Fund, as applicable, if the Financial Guaranty expired, unless a substitute Financial Guaranty with an expiration date not earlier than 180 days after the expiration date of the expiring Financial Guaranty is acquired prior to such date or NCPA deposits funds in the Account in the Debt Service Reserve Fund, as applicable, on or before such date such that the amount in the Account in the Debt Service Reserve Fund, as applicable, on such date (without regard to such expiring Financial Guaranty) is at least equal to the applicable Debt Service Reserve Requirement.

If at any time a Financial Guaranty is delivered pursuant to the foregoing provisions there shall be any amount in the applicable Account in the Debt Service Reserve Fund in excess of the applicable Debt Service Reserve Requirement, such excess amount may be applied to the cost of acquiring such Financial Guaranty and, to the extent not so applied, shall be transferred to the applicable Account in the Debt Service Fund and applied to the purchase or redemption of Bonds as directed in writing by an Authorized NCPA Representative.

Application of Reserve and Contingency Fund.

(a) Amounts in the Reserve and Contingency Fund shall be applied to the cost of renewals, replacements, extensions, betterments, and improvements to the Project. Amounts in the Reserve and Contingency Fund shall also be applied to the payment of extraordinary operation and maintenance costs and contingencies for the Project, including payments with respect to the prevention or correction of any unusual loss or damage in connection with the Project or to prevent a loss of revenue therefrom, all to the extent not provided in the then current Annual Budget or by reserves in the Operating Fund.

(b) No payments shall be made from the Reserve and Contingency Fund if and to the extent that the proceeds of insurance, including the proceeds of any self-insurance fund, or other moneys recoverable as the result of damage to the Project, if any, are available to pay the costs otherwise payable from such Fund.

(c) If on any date the amount in Debt Service Fund shall be less than the requirement set forth in the Indenture, or the amount in Debt Service Reserve Fund shall be less than the Debt Service Reserve Requirement, and there shall not be on deposit in the Surplus Fund available moneys sufficient to cure any such deficiency, then NCPA shall transfer from the Reserve and Contingency Fund and deposit first in the Debt Service Fund and second in the Debt Service Reserve Fund, as the case may be, the amount necessary (or all the moneys in the Reserve and Contingency Fund if less than the amount necessary) to make up a deficiency in the Debt Service Reserve Fund.

(d) Any balance of moneys and securities in the Reserve and Contingency Fund not required to meet any deficiencies in the Debt Service Fund or the Debt Service Reserve Fund or not needed for any of the purposes for which such Funds were established, shall be transferred to the Operating Fund, if and to the extent deemed necessary by NCPA as evidenced by a certificate of an Authorized NCPA Representative, and any remaining excess shall be deposited in the Surplus Fund.

Application of Surplus Fund.

(a) If on any date the amount in the Debt Service Fund shall be less than the requirement of such Fund, or the amount in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Requirement, or the amount in the Reserve and Contingency Fund shall be less than the requirement of such Fund pursuant to the Indenture, then NCPA shall transfer from the Surplus Fund and deposit first in the Debt Service Fund, second in the Debt Service Reserve Fund, third to the Reserve and Contingency Fund, as the case may be, the amount necessary (or all the moneys in Surplus Fund if less than the amount necessary) to make up a deficiency in any of such Fund.

(b) Amounts in the Surplus Fund not required to meet a deficiency as required in paragraph (a) above shall, upon a determination of NCPA, be applied to or set aside for any one or more of the following:

- (1) payment of costs and expenses of NCPA in connection with the Project;
- (2) payment into the Revenue Fund;
- (3) the purchase or redemption of any Bonds, expenses in connection with the purchase or redemption of any Bonds, or the establishment or augmentation of any reserves which NCPA determines shall be required in connection with the Bonds;
- (4) payments into the Reserve and Contingency Fund for application to the purposes thereof; and
- (5) any other lawful purpose of NCPA related to the Project.

NCPA agrees that it shall use its best efforts to call Bonds for redemption on the date or dates and in the amount or amounts as shall exhaust, as nearly as practicable, the amounts set aside for the redemption of Bonds pursuant to clause (3) above.

Application of Rebate Fund. Amounts on deposit in the Rebate Fund shall be applied as provided in the Tax Certificate and the Rebate Instructions.

Application of Costs of Issuance Fund. NCPA shall apply, or cause to be applied, the moneys on deposit in the Costs of Issuance Fund to the payment of the costs of issuing the Bonds for which such moneys were so received.

Certain Requirements of and Conditions to Issuance of Bonds

All (but not less than all) the Bonds of each Series shall be executed by NCPA for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to NCPA or upon its order, but only upon the receipt by the Trustee of the following items (upon which the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Bonds have been satisfied):

- (1) An executed copy of the Indenture, certified by an Authorized NCPA Representative to be in full force and effect;
- (2) An Opinion of Bond Counsel to the effect that (i) the Indenture and any Supplemental Indenture pursuant to which such Series of Bonds is to be issued, have been duly

executed and delivered by NCPA and constitutes the valid and binding obligation of NCPA; and (ii) the Bonds of such Series constitute the valid and binding special, limited obligations of NCPA, payable solely from the Trust Estate; provided, however, that such Opinion of Bond Counsel may include such exceptions and qualifications as shall be acceptable to the initial purchaser or purchasers of the Bonds of such Series;

(3) A written order as to the delivery of such Bonds, signed by an Authorized NCPA Representative;

(4) Except in the case of the 2019 Series A Bonds, an executed copy of the Supplemental Indenture authorizing such Bonds, certified by an Authorized NCPA Representative to be in full force and effect, which shall, among other provisions, specify: (i) the authorized Principal Amount of the Bonds of such Series, and the Series designation of such Bonds; (ii) the purposes for which such Series of Bonds is being issued, which shall be one of the purposes specified in the Indenture; (iii) the date, and the maturity date or dates, of the Bonds of such Series; (iv) the interest rate or rates on the Bonds of such Series, and the Interest Payment Dates therefor; (v) Authorized Denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series; (vi) the Paying Agent or Paying Agents and the place or places of payment of the Principal Amount, Redemption Price, if any, of, and interest on, the Bonds of such Series; (vii) the Redemption Price or Prices, if any, and, subject to the provisions of the Indenture, the redemption terms for the Bonds of such Series; (viii) the Sinking Fund Installments, if any, for the Bonds of such Series, provided that each Sinking Fund Installment, if any, shall fall upon an Interest Payment Date for such Bonds; (ix) if so determined by NCPA, provisions for the sale of the Bonds of such Series; (x) if any of the Bonds of such Series are Option Bonds, the terms and conditions of the exercise by the Owners of such Bonds of the purchase option granted with respect to such Bonds; (xi) whether the Bonds of such Series are to be registered in the name of a Securities Depository, or its nominee, and any provisions appropriate or necessary with respect to the arrangements made with the Securities Depository for such Bonds in the applicable Representation Letter; (xii) the application of the proceeds of the sale of such Bonds including the amount, if any, to be deposited in the Funds and Accounts; (xiii) the forms of the Bonds of such Series and of the Trustee's certificate of authentication thereon; and (xiv) the appropriate funds and accounts, if any, created under such Supplemental Indenture;

(5) The amount, if any, necessary for deposit in the applicable Account of the Debt Service Reserve Fund so that the amount in such Account shall equal the applicable Debt Service Reserve Requirement calculated immediately after the authentication and delivery of such Series of Bonds;

(6) Except in the case of the 2019 Series A Bonds, a certificate of an Authorized NCPA Representative stating that NCPA is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture or in any of the documents or proceedings authorizing or controlling any outstanding Parity Debt and applicable to NCPA; provided, however, that in the case of Refunding Bonds such certificate may state that upon the application of the proceeds of such Refunding Bonds in accordance with the Supplemental Indenture authorizing their issuance, NCPA shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture and applicable to NCPA; and

(7) Such further documents, moneys and securities as are required by the provisions of the Indenture or any Supplemental Indenture entered into pursuant thereto.

All the Bonds of each Series of like maturity shall be identical in all respects, except as to denominations, numbers and letters, Owners, interest rate, and Interest Payment Dates. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to the Indenture.

Additional Bonds

One or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of paying all or a portion of the Costs of the Project, including any Capital Improvement thereto.

The proceeds, including accrued interest, of the Additional Bonds of each Series shall be applied simultaneously with the delivery of such Bonds as provided in the Supplemental Indenture authorizing such Series of Bonds.

Refunding Bonds

One or more Series of Refunding Bonds may be issued, authenticated and delivered upon original issuance (i) to refund all Outstanding Bonds of one or more Series or all or any Outstanding Bonds within a Series or (ii) to refund any Parity Debt. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding including providing amounts for the costs of issuance of such Refunding Bonds, capitalized interest thereon, and the making of any deposits into the Funds and Accounts required by the provisions of the Supplemental Indenture authorizing such Series of Refunding Bonds.

Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Indenture) of an Opinion of Bond Counsel to the effect that the Bonds or Parity Debt, as applicable, to be refunded is deemed paid pursuant to the Indenture or the proceedings authorizing such Parity Debt, as applicable (upon which receipt the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Refunding Bonds have been satisfied).

The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Bonds as provided in the Supplemental Indenture authorizing such Series of Refunding Bonds.

Parity Debt

Parity Debt may be issued or incurred, secured as to payment by a pledge and assignment of and lien and charge on the Project Revenues on a parity with the payment of Debt Service on the Bonds; provided, that:

(a) Such Parity Debt is issued for one or more of the purposes for which Additional Bonds or Refunding Bonds may be issued or, as to a contract relating to credit enhancement, relate to Bonds or other Parity Debt issued for one or more of the purposes for which Additional Bonds or Refunding Bonds may be issued.

(b) Any debt service reserve for such Parity Debt shall not exceed the Debt Service Reserve Requirement for the Debt Service Reserve Account.

(c) The Trustee shall have received a copy of the proceedings authorizing such Parity Debt, certified by the Secretary or an Assistant Secretary of NCPA.

(d) The Trustee shall have received a certificate of an Authorized NCPA Representative stating that NCPA is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture or in any of the documents or proceedings authorizing or controlling any outstanding Parity Debt and applicable to NCPA; provided, however, that in the case of any Parity Debt issued for the purposes set forth in the Indenture, such certificate may state that upon the application of the proceeds of such Parity Debt in accordance with the proceedings authorizing such Parity Debt, NCPA shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture and applicable to NCPA.

Debt Service Reserves for Future Bonds

Each Series of Future Bonds shall constitute Participating Bonds unless the Supplemental Indenture authorizing such Series of Future Bonds provides that such Series of Future Bonds shall not be Participating Bonds and, if such Series of Future Bonds is to be secured by a Series Debt Service Reserve Account, provides for the establishment of a Series Debt Service Reserve Account for such Series of Future Bonds and establishes the Debt Service Reserve Requirement (which may be \$0) for said Series Debt Service Reserve Account.

Investment of Certain Funds

Moneys held in the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in securities described in clauses (1), (2), (3), or (9) of the definition of "Investment Securities" in the Indenture which mature not later than such times as shall be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Fund. Moneys held in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in securities described in clauses (1), (2), (3), or (9) of the definition of "Investment Securities" in the Indenture which mature or which may be drawn upon not later than such times as shall be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Fund, but in any event not later than five years from the time of such investment except that the maturity of any security described in clause (9) of the definition of Investment Securities in the Indenture may mature not later than 30 years from the time of such investment. Moneys held in the Revenue Fund may be invested and reinvested in Investment Securities which mature or which may be drawn upon not later than such times as shall be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Funds. Moneys in the Operating Fund may be invested in Investment Securities which mature within one year from the time of such investment except that amounts in the Operating Reserve Account may also be invested in Investment Securities which mature within five years from the time of such investment. Moneys held in the Reserve and Contingency Fund, the Rebate Fund, and the Surplus Fund may be invested in Investment Securities which mature within five years from the time of such investment, and in every case the Investment Securities in such Funds shall mature not later than such times as shall be necessary to provide moneys when reasonably expected to be needed to provide payments from such Funds. The Trustee shall make all such investments of moneys held by it and shall sell or otherwise liquidate any such investment and take all actions necessary to draw funds under any such investment, including the giving of necessary notices of the drawing of any moneys under any investment in securities described in clause (9) of the definition of "Investment Securities" in the Indenture, in each case in accordance with directions of an Authorized NCPA Representative, which directions shall be consistent with the Indenture and applicable law, and which

directions can either be written or oral; provided, that if such directions are oral they shall be promptly confirmed in writing by such Authorized NCPA Representative.

Except as otherwise provided in the Indenture, interest or other income (net of that which (i) represents a return of accrued interest paid in connection with the purchase of any investment or (ii) is required to effect the amortization of any premium paid in connection with the purchase of any investment) earned on any moneys or investments in the Funds created under the Indenture shall be paid into the Revenue Fund; provided, that all such interest or other income earned on any moneys or investments in any Fund established pursuant to the Indenture shall be applied as provided in the Indenture; and provided further, that all such interest or other income earned on moneys in the Rebate Fund shall be applied as provided in the Indenture.

In making any investment in any Investment Securities with moneys in any Fund established under the Indenture, NCPA or any Fiduciary may combine such moneys with moneys in any other Fund or Account but solely for the purposes of making such investment in such Investment Securities and provided that any amount so combined shall be separately accounted for.

Nothing in the Indenture shall prevent any Investment Securities acquired as investments of moneys in any Fund or Account from being issued or held in book-entry form on the books of the Department of the Treasury or the Federal Reserve System of the United States.

Covenants

Payment of Bonds. NCPA shall duly and punctually pay or cause to be paid, but solely from the sources pledged therefor, the principal or Redemption Price, if applicable, of every Bond, and the interest thereon, at the dates and places and in the manner mentioned in the Bonds according to the true intent and meaning thereof.

Extension of Payment of Bonds. NCPA shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds, or the time of payment of any claims for interest on any Bonds, by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds, or the time for payment of any claims for interest on any Bonds, shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefit of the Indenture or to any payment out of the Trust Estate except subject to the prior payment of (a) the principal of all Bonds Outstanding the maturity of which has not been extended, and (b) such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest.

Offices for Servicing Bonds. NCPA shall at all times maintain one or more agencies where Bonds may be presented for payment and shall at all times maintain one or more agencies where Bonds may be presented for registration, transfer or exchange, and where notices, demands and other documents may be served upon NCPA in respect of the Bonds or the Indenture. NCPA appoints the Trustee as Bond Registrar to maintain the Bond Register for the registration, transfer or exchange of Bonds, and as the party for the service upon NCPA of such notices, demands and other documents. The Trustee shall continuously maintain or make arrangements to provide such services.

Further Assurance. At any and all times NCPA shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, pledging, assigning and confirming in all and

singular the Trust Estate and other property pledged and assigned, or intended so to be, or which NCPA may become bound to pledge and assign.

Power to Issue Bonds and to Pledge Trust Estate. NCPA represents and warrants that it is duly authorized under all applicable laws to create and issue the Bonds, to enter into the Indenture, to pledge and assign the Trust Estate and the other moneys, securities and funds purported to be pledged as security for the payment of the Bonds in the manner and to the extent provided by such pledge and assignment and all action on the part of NCPA to that end has been duly and validly taken. The Bonds and the provisions of the Indenture are and shall be the valid and legally enforceable obligations of NCPA in accordance with their terms and the terms of the Indenture. NCPA shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment of the Trust Estate and the other moneys, securities and funds pledged as security for the payment of the Bonds and all the rights of the Owners of the Bonds under the Indenture against all claims and demands of all persons whomsoever.

Power to Establish Charges and Collect Amounts. NCPA has, and shall have as long as any Bonds are Outstanding, good right and lawful power to establish charges and cause to be collected amounts with respect to the Project, subject only to the terms of the Unit One Member Agreement.

Creation of Liens on Trust Estate. NCPA shall not issue any bonds, notes, debentures, or other evidences of indebtedness or incur any payment obligations, payable out of or secured by a pledge or assignment of the Trust Estate or any portion thereof nor shall it create or cause to be created any lien or charge on the Trust Estate or any portion thereof prior to or, except for the Bonds with respect to the entire Trust Estate and Parity Debt with respect to Project Revenues and amounts on deposit in the Revenue Fund, on a parity with the lien of the pledge made pursuant to the Indenture; provided, however, that nothing contained in the Indenture shall prevent NCPA from issuing, if and to the extent permitted by law, bonds, notes, or other evidences of indebtedness payable out of, or secured by a pledge and assignment of, Project Revenues to be derived on and after such date as the pledge of the Project Revenues made pursuant to the Indenture shall be discharged and satisfied as provided in the Indenture or payable from and secured by a pledge of Project Revenues on a basis which shall be, and shall be expressed to be, in all respects junior and subordinate in all respects to the payment of amounts then due with respect to the Bonds or otherwise payable under the Indenture and to the pledge and lien made pursuant to the Indenture as security for the Bonds.

Nothing in the Indenture shall be deemed to limit NCPA's right to acquire, construct or finance through the issuance of its bonds, notes or other evidences of indebtedness any facilities which do not constitute a part of the Project and may secure such bonds, notes or other evidences of indebtedness by a mortgage of the facilities so financed or by a pledge of, or lien on, the revenues therefrom or any lease or other agreement with respect thereto or any revenues derived from such lease or other agreement; provided that such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Trust Estate and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Trust Estate.

Sale of Interest in the Project. Except as provided in the Unit One Member Agreement, so long as any Bonds remain outstanding with respect thereto, NCPA shall not sell, lease, or otherwise dispose of its interest in the Project or any portion thereof. Notwithstanding the foregoing, NCPA may transfer its interest in the Project to a transferee specified by the Project Participants on the following terms and conditions: (i) such transfer is made concurrently with the sale or assignment by the Project Participants of the right to the capacity and energy of the Project in accordance with the Unit One Member Agreement; (ii) the proceeds of the sale or assignment by the Project Participants of the capacity and energy of the Project and of the transfer by NCPA of its interest in the Project shall be applied to the payment (at maturity or prior redemption) of Outstanding Bonds; (iii) such transfer of NCPA's interest in

the Project shall be subject to the rights of the Project Participants under the Unit One Member Agreement; (iv) each Project Participant shall deliver an opinion of counsel to NCPA and the Trustee to the effect that such sale or assignment of project capacity and energy by the Project Participants shall not relieve such Project Participant of any of its obligations under the Unit One Member Agreement; and (v) NCPA shall deliver to the Trustee an Opinion of Bond Counsel to the effect that such sale or assignment will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

Annual Budget. Not less than 30 nor more than 45 days prior to the beginning of each Fiscal Year, NCPA shall adopt and file with the Trustee an Annual Budget for such Fiscal Year prepared in accordance with the provisions of, and in the manner contemplated by, the Unit One Member Agreement. Each such Annual Budget shall set forth in reasonable detail, by month for such Fiscal Year, the estimated Project Revenues, NCPA Operating Expenses and Aggregate Debt Service for all Outstanding Bonds and which shall include monthly appropriations for the estimated amount to be deposited in each month of such Fiscal Year in the Revenue Fund, the Operating Fund, including provision for any reserves for NCPA Operating Expenses, the Debt Service Fund, the Debt Service Reserve Fund, and the amount to be deposited in the Reserve and Contingency Fund, and the requirements, if any, for the amounts estimated to be expended from each Fund and Account established under the Indenture. Such Annual Budget also shall set forth such detail with respect to such Project Revenues, NCPA Operating Expenses and other expenditures and such deposits, as shall be necessary or appropriate so as to comply with the Unit One Member Agreement and may set forth such additional material as NCPA may determine. Following the end of each quarter of each Fiscal Year, NCPA shall review its estimates set forth in the Annual Budget for such Fiscal Year, and in the event such estimates do not substantially correspond with actual Project Revenues, NCPA Operating Expenses or other requirements during such Fiscal Year and the expected Project Revenues, NCPA Operating Expenses and other requirements during the remainder of such Fiscal Year, NCPA shall adopt in accordance with the provisions of the Unit One Member Agreement and file with the Trustee an amended Annual Budget for the remainder of such Fiscal Year. If there are at any time during any such Fiscal Year extraordinary receipts or payments of unusual costs, NCPA shall adopt in accordance with the provisions of the Unit One Member Agreement and file with the Trustee an amended Annual Budget for the remainder of such Fiscal Year. NCPA also may at any time adopt in accordance with the provisions of the Unit One Member Agreement and file with the Trustee an amended Annual Budget for the remainder of the then current Fiscal Year. The Trustee shall not be charged with knowledge of, and shall not be responsible for the sufficiency of, any such Annual Budget, it being expressly understood and agreed that the Trustee shall hold such Annual Budget solely as a custodian to preserve a record of the transactions contemplated by the Indenture.

Operation and Maintenance of the Project. NCPA shall at all times maintain and preserve, or cause to be maintained and preserved, the Project and all buildings, facilities and equipment constituting any part of the Project in conformity with Prudent Utility Practice with respect to facilities of like size and character. NCPA shall from time to time make, or cause to be made, all necessary and proper repairs, renewals, replacements and substitutions to the properties of the Project, so that at all times business carried on in connection with the Project shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and shall operate the Project in an efficient and economical manner, consistent with the protection of the Owners of the Bonds and shall not commit or allow any waste with respect to the Project; provided, however, that any real or personal property included in the Project which has become nonoperative or which is not needed for the efficient and proper operation of the Project, or any material or equipment which has worn out or become obsolete, may be sold, leased or otherwise disposed of by NCPA.

NCPA shall not incur NCPA Operating Expenses in connection with the Project in any Fiscal Year in excess of the reasonable and necessary amount of such expenses and shall not expend any amount

from the Operating Fund for NCPA Operating Expenses in connection with the Project in excess of the amounts provided therefor in the Annual Budget as then in effect. Nothing in the Indenture contained shall limit the amount which NCPA may expend for NCPA Operating Expenses in connection with the Project in any Fiscal Year provided any amounts expended therefor in excess of the amounts provided for in the then current Annual Budget shall be paid from the Reserve and Contingency Fund or the Surplus Fund.

Charges and Enforcement. NCPA shall at all times establish rates and charges, and cause to be collected amounts in connection with the Project and the Unit One Member Agreement, as shall be required to provide revenues in the Revenue Fund at least sufficient in each Fiscal Year, together with other available funds, for the payment of all of the following:

- (1) NCPA Operating Expenses during such Fiscal Year;
- (2) Debt Service on the Bonds and debt service on the Parity Debt for such Fiscal Year;
- (3) The amount, if any, to be paid during such Fiscal Year into the Debt Service Reserve Account and each Series Debt Service Reserve Account in the Debt Service Reserve Fund;
- (4) The amount to be paid during such Fiscal Year into the Reserve and Contingency Fund; and
- (5) All other charges or other amounts related to the Project, the Unit One Member Agreement or the Bonds howsoever payable during such Fiscal Year.

Unit One Member Agreement. NCPA shall receive and forthwith deposit in the Revenue Fund all amounts payable to it pursuant to the Unit One Member Agreement or payable to it pursuant to any other contract related to its interest in the Project or the capacity, use or service of its interest in the Project or any part thereof. NCPA shall enforce or cause to be enforced the provisions of the Unit One Member Agreement and duly perform its covenants and agreements thereunder. NCPA shall not consent or agree to or permit any rescission of or amendment to, or otherwise take any action under or in connection with, the Unit One Member Agreement which shall reduce the aggregate amount of payments required thereunder or which shall in any manner materially impair or materially adversely affect the rights of NCPA thereunder or the rights or security of the Trustee or the Owners of the Bonds; provided, however, nothing in the Indenture shall be construed so as to prohibit any other amendment of the Unit One Member Agreement.

Acquisition and Construction of Project. NCPA shall use its best efforts to acquire and construct the Project, or cause the Project to be acquired and constructed, with due diligence and in a sound and economical manner.

Maintenance of Insurance. NCPA shall at all times insure the Project, or cause the Project operator to be insured, against such risks as are customarily insured against with respect to similar facilities and in such relative amounts as are usually obtained. NCPA shall maintain, or cause to be maintained, insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those with rights and interests in projects similar to the Project.

NCPA shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests in the Project and the interests of the Owners of the Bonds.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to NCPA, or may be in the form of self-insurance by NCPA. NCPA agrees that it will, pursuant to a Supplemental Indenture, establish such fund or funds or reserves as are necessary to provide for its share of any such self-insurance. The Supplemental Indenture establishing such fund or funds or reserves shall set forth the amounts to be included in such fund or funds or reserves, the entity to hold such fund or funds or reserves and any other matters and things relative to such fund or funds or reserves which are not contrary to or inconsistent with the Indenture as theretofore in effect.

Reconstruction; Application of Insurance Proceeds. If any useful portion of the Project shall be damaged or destroyed, NCPA shall as expeditiously as possible undertake, or cause to be undertaken, and continuously and diligently pursue to completion, or cause to be diligently pursued to completion, the repair, reconstruction or replacement thereof. The proceeds of any insurance payable to NCPA, including the proceeds of any self-insurance fund, paid on account of such damage or destruction (other than any business interruption loss insurance) shall be paid over to the Trustee and held by the Trustee in a special Account established by the Trustee for such purposes and made available for, and to the extent necessary be applied to, the cost of such repair, reconstruction or replacement. Except for reimbursements to the Reserve and Contingency Fund, the proceeds of any insurance, including the proceeds of any self-insurance fund, not applied within 36 months after receipt thereof by NCPA to the cost of such repair, reconstruction or replacement, or which NCPA shall at any time notify the Trustee are not to be so applied, shall be deposited in the Revenue Fund.

If the proceeds of insurance, including the proceeds of any self-insurance fund, authorized by the Indenture to be applied to the cost of the repair, reconstruction or replacement of any portion of the Project are insufficient for such purpose, the obligations of NCPA to maintain and preserve the Project pursuant to the Indenture shall nonetheless continue but such deficiency may be supplied out of available moneys in the Reserve and Contingency Fund.

The proceeds of business interruption loss insurance, if any, with respect to the Project shall be paid into the Revenue Fund.

Accounts and Reports. NCPA shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project and each Fund and Account and relating to costs and charges under the Unit One Member Agreement and which, together with the Unit One Member Agreement and all other books and papers of NCPA, including insurance policies, relating to the Project, shall at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

NCPA shall annually, within 120 days after the close of each Fiscal Year, cause to be filed with the Trustee, and otherwise as provided by law, a copy of an annual report for such Fiscal Year, accompanied by an Accountant's Certificate, relating to the Project and including the following statements in reasonable detail: a statement of assets and liabilities as of the end of such Fiscal Year, to the extent relating to the Project; and a statement of Project Revenues and NCPA Operating Expenses for such Fiscal Year. Such Accountant's Certificate (or an accompanying certificate of an Authorized NCPA Representative) shall state whether or not, to the knowledge of the signer, NCPA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Indenture, and if so, the nature of such default. The Trustee shall not be charged with knowledge of the contents of such annual

report and shall not be responsible for the accuracy or sufficiency thereof, it being expressly understood that the Trustee shall hold such annual report solely as a custodian to preserve a record of the transactions contemplated by the Indenture.

NCPA shall file with the Trustee forthwith upon becoming aware of any Event of Default or default in the performance by NCPA of any covenant, agreement or condition contained in the Indenture, a certificate of an Authorized NCPA Representative specifying such Event of Default or default and the nature and status thereof.

The reports and certificates described above shall be available for the inspection of Owners of the Bonds at the principal corporate trust office of the Trustee and shall be mailed to each Owner of an Outstanding Bond which files a written request therefor with the Trustee. The Trustee may charge each party requesting such reports or certificates a reasonable fee to cover reproduction, handling and postage.

Payment of Taxes and Charges. NCPA shall from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon or relating to its interest in the Project or upon the rights, revenues, income, receipts, and other moneys, securities and funds of NCPA relating to the Project or the Unit One Member Agreement when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under the Indenture), and all lawful claims for labor and material and supplies relating to the Project, except those taxes, assessments, charges or claims which NCPA shall in good faith contest by proper legal proceedings if NCPA shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

General; Rights of Members. NCPA shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of NCPA under the provisions of applicable laws of the State of California and the Indenture with respect to the Project, the Trust Estate and the Bonds.

The obligations of each of the Project Participants with respect to the Bonds and the Project set forth in the Unit One Member Agreement shall not be modified or expanded by any provision of the Indenture. So long as not otherwise provided in the Indenture, NCPA shall be suffered and permitted to carry out its obligations under the Unit One Member Agreement.

Tax Matters. NCPA covenants that it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion (if applicable) from gross income of the interest on the Bonds under Section 103 of the Code. NCPA shall not directly or indirectly use or permit the use of any proceeds of the Bonds in such a manner as would adversely affect the exclusion (if applicable) of interest on any Bonds from gross income under Section 103 of the Code. NCPA shall not directly or indirectly use or permit the use of any proceeds of any Bonds, or of any facilities financed thereby, or other funds of NCPA, or take or omit to take any action, that would cause any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

If NCPA shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under the provisions of the Indenture relating to the preservation of the exclusion of interest on the Bonds from gross income for federal income tax purposes is no longer required, or that some further or different action is required, to maintain the exclusion from gross income for federal income tax purposes of interest on Bonds, the Trustee and NCPA may conclusively rely on such opinion in complying with the requirements of such provisions of the Indenture.

Continuing Disclosure. NCPA shall comply with the 2019 Continuing Disclosure Agreement as it may from time to time hereafter be amended or supplemented. Notwithstanding any other provision of the Indenture, failure by NCPA to comply with the requirements of the 2019 Continuing Disclosure Agreement, as it may from time to time hereafter be amended or supplemented, shall not be considered an Event of Default and the Trustee shall have no right to accelerate amounts due under the Indenture as a result thereof; provided, however, that the Trustee and the Owners of not less than 25% in principal amount of the Outstanding 2019 Series A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause NCPA to comply with its obligations in the Indenture with respect to the 2019 Continuing Disclosure Agreement.

Events of Default and Remedies

Events of Default. Each of the following shall constitute an Event of Default under the Indenture:

(i) if default shall be made in the due and punctual payment of Debt Service with respect to the principal or Redemption Price of any Outstanding Bond or any Parity Debt, when and as the same shall become due and payable, whether at maturity, by call for redemption, or otherwise;

(ii) if default shall be made in the due and punctual payment of Debt Service with respect to any installment of interest on any Outstanding Bond or any Parity Debt, or the unsatisfied balance of any Sinking Fund Installment, when and as the same shall become due and payable;

(iii) if default shall be made by NCPA in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture or in the Outstanding Bonds contained, and such default shall continue for a period of 120 days after written notice thereof to NCPA by the Trustee or to NCPA and to the Trustee by the Owners of not less than 10% in principal amount of the Bonds Outstanding; or

(iv) an order or decree, by a court having jurisdiction in the premises, for relief against NCPA in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of NCPA or of any substantial part of the property of NCPA shall be appointed or an order for the winding up or liquidation of the affairs of NCPA shall be entered; or a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall be instituted by NCPA or NCPA shall give its consent to the entry of an order for relief against it in any involuntary case under any such law, or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of NCPA or of any substantial part of the property of NCPA, or the making by NCPA of an assignment for the benefit of creditors, or the failure of NCPA generally to pay its debts as they become due, or the admission by NCPA in writing of such failure, or the taking of any action by NCPA in furtherance of any such action, or if a receiver of the business or of the property or assets of NCPA shall be appointed by any court.

Accounting and Examination of Records After Default. NCPA covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and accounts of NCPA and all other records relating to the Project and the Unit One Member Agreement shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

NCPA covenants that if an Event of Default shall have happened and shall not have been remedied, NCPA, upon demand of the Trustee, shall account, as if it were the trustee of an express trust,

for all Project Revenues and other moneys, securities and funds pledged or held under the Indenture for such period as shall be stated in such demand.

Application of NCPA Revenues and Other Moneys After Default.

(a) NCPA covenants that if an Event of Default shall happen and shall not have been remedied, NCPA, upon the demand of the Trustee, shall cause to be paid over to the Trustee (i) forthwith, all moneys and securities then held by NCPA in any Fund under the Indenture, and (ii) all Project Revenues as promptly as practicable after receipt thereof.

(b) Subject to the provisions of the Indenture, during the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds and Project Revenues received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture which are held by the Trustee pursuant and subject to the terms and conditions of the Indenture, as follows and in the following order of priority:

(i) Expenses of Fiduciaries—to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries;

(ii) Principal Amount or Redemption Price and Interest—to the payment of the interest on the Bonds and the principal or Redemption Price then due on the Outstanding Bonds and Parity Debt, as follows:

First: Interest—To the payment to the persons entitled thereto of all installments of interest then due on Outstanding Bonds and Parity Debt in the order of the maturity of such installments, together with accrued and unpaid interest on the Outstanding Bonds and Parity Debt theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any such interest installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal Amount or Redemption Price—To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Outstanding Bonds and Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Outstanding Bonds and Parity Debt due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

(iii) NCPA Operating Expenses—to the payment of the amounts required for reasonable and necessary expenses of NCPA in connection with the Project, the Unit One Member Agreement and the Bonds. For this purpose the books of record and accounts of NCPA relating to the Project and the Unit One Member Agreement shall at all times be subject to the inspection of the Trustee and its representatives and agents during the continuance of such Event of Default.

(c) If and whenever all overdue installments of interest on all Outstanding Bonds and Parity Debt, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable for the account of NCPA under the Indenture, including the principal and Redemption Price of all Outstanding Bonds and Parity Debt and unpaid interest on all Outstanding Bonds and Parity

Debt which shall then be payable, shall be paid for by the account of NCPA, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Outstanding Bonds and Parity Debt shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over all moneys, securities, and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon NCPA and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture. No such payment by the Trustee nor such restoration of NCPA and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

(d) The Trustee may in its discretion establish special record dates for the determination of the Owners of Bonds for various purposes of the Indenture, including without limitation, payment of defaulted interest and giving direction to the Trustee.

Right to Accelerate Upon Default. Upon the occurrence of an Event of Default, the Trustee may, and shall, at the direction of the Owners of a majority in principal amount of Outstanding Bonds, by written notice to NCPA, declare the principal of the Bonds to be immediately due and payable, whereupon the principal of the Bonds and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable.

Appointment of Receiver. If an Event of Default shall happen and shall not have been remedied, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds under the Indenture, the Trustee shall be entitled to make application for the appointment of a receiver or custodian of NCPA's interest in the Project, the Unit One Member Agreement and the Project Revenues, pending such proceedings, with such power as the court making such appointment shall confer.

Enforcement Proceedings.

(a) If an Event of Default shall happen and shall not have been remedied, then the Trustee, by its agents and attorneys, may proceed, and upon the written request of the Owners of not less than a majority in principal amount of the Bonds at the time Outstanding, shall proceed, to protect and enforce its rights and the rights of the Owners of the Outstanding Bonds by a suit or suits in equity or at law, whether for damages or the specific performance of any covenant in the Indenture contained, or in aid of the execution of any power in the Indenture granted or any remedy granted under applicable provisions of the laws of the State of California, or for an accounting by NCPA as if NCPA were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture. The Trustee shall have the right to initiate and maintain suit to enforce the Unit One Member Agreement.

(b) The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct, the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners of the Bonds not parties to such direction.

(c) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(d) Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Owners of a majority in principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Owners of the Bonds.

(e) If the Trustee or any Owner or Owners of Outstanding Bonds have instituted any proceeding to enforce any right or remedy under the Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner or Owners, then and in every such case NCPA, the Trustee and the Owners shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions under the Indenture, and thereafter all rights and remedies of the Trustee and the Owners shall continue as though no such proceeding had been instituted.

(f) Upon the occurrence of an Event of Default, NCPA shall give notice to each Project Participant and require that such Project Participant shall make the payments due by it under the Unit One Member Agreement directly to the Trustee.

Restriction on Owner's Action. Except as otherwise provided in the next paragraph, no Owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, and the Owners of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the applicable laws of the State of California or to institute such action, suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the ratable benefit of all Owners of the Outstanding Bonds, subject only to the application of funds held for the payment of particular Bonds.

Nothing in the Indenture or in the Bonds contained shall affect or impair the obligation of NCPA, which is absolute and unconditional, to pay on the respective due dates thereof and at the places therein expressed, but solely from the revenues and the other moneys pledged under the Indenture, the principal amount, or Redemption Price if applicable, of the Bonds, and the interest thereon, to the respective Owners thereof, or affect or impair the right, which is also absolute and unconditional, of any Owner to institute suit for the enforcement of any such payment.

Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute whether effective on or after the effective date of the Indenture. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Effect of Waiver and Other Circumstances. No delay or omission of the Trustee or any Owner of a Bond to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Owners of the Bonds.

The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds, waive any past default described in clause (iii) under the caption “Events of Default” above and its consequences. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon unless the provisions of the Indenture have been satisfied with respect to such subsequent or other default.

Notice of Default. The Trustee shall, within 30 days after obtaining knowledge thereof, mail written notice of the occurrence of any Event of Default of which the Trustee has knowledge to each Owner of Bonds then Outstanding at such Owner’s address, if any, appearing in the Bond Register.

Trustee

The Trustee shall be deemed to have accepted only the duties and obligations imposed on it by the Indenture but only, however, upon the terms and conditions set forth in the Indenture and no implied covenants shall be read into the Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs. Any provision of the Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of the Indenture.

The Trustee may at any time resign and be discharged of the duties and obligations created by the Indenture by giving not less than 60 days written notice to NCPA specifying the date when such resignation shall take effect; provided that no such resignation shall take effect until a successor shall have been appointed in accordance with the Indenture.

The Trustee may be removed by an instrument in writing, filed with the Trustee at any time when no Event of Default has occurred and is continuing and when no event has occurred which, with notice or the passage of time, would become an Event of Default which has not been cured, signed by an Authorized NCPA Representative or at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of NCPA; provided that no such removal shall be effective until 30 days have lapsed from the filing of such instrument with the Trustee and until a successor shall have been appointed in accordance with the Indenture.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor, may be appointed by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of NCPA, by an instrument or concurrent instruments in writing signed and acknowledged by such Owners of the Bonds or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to NCPA and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Owners of the Bonds as aforesaid, NCPA, by a duly executed written instrument signed by an Authorized NCPA Representative shall forthwith appoint a Trustee, to replace such resigning Trustee or to fill such vacancy until a successor Trustee shall be appointed by the Owners of the Bonds as authorized in the Indenture. Any successor Trustee appointed by NCPA shall, immediately and without further act, be superseded by the Trustee appointed by the Owners of the Bonds.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of the Indenture within 45 days after the Trustee shall have given to NCPA written notice as provided in the Indenture or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, removal, or for any other reason whatsoever, the Trustee (in the case of its resignation under the Indenture) or the Owner of any Bond (in any case) may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

The Trustee appointed under the provisions of the Indenture or any successor to the Trustee shall be a bank or trust company organized under the laws of any state of the United States or national banking association, in good standing under the laws of the place of its incorporation, doing business and having its principal corporate trust office in New York, New York, or Chicago, Illinois, or Los Angeles, California, or San Francisco, California, duly authorized to exercise trust powers and subject to examination by federal or state authority. Each successor trustee shall have capital stock and surplus aggregating at least \$75,000,000, or have all of its obligations under the Indenture guaranteed by a bank or trust company organized under the laws of the United States, or any state thereof, with a capital stock and surplus or net worth of at least \$75,000,000. If such bank, national banking association, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of the Indenture the combined capital and surplus of such bank, trust company, or national banking association shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published.

Amendments and Supplemental Indentures

(a) The Indenture and the rights and obligations of NCPA and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture or Indentures, which NCPA and the Trustee may enter into with the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee or if less than all of the Outstanding Bonds are affected, the written consent of the Owners of at least a majority in aggregate principal amount of all affected Bonds; provided that if such modification or amendment shall, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any such calculation of Bonds Outstanding under the Indenture. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the principal amount or Redemption Price thereof, or reduce the amount of any Sinking Fund Installment, or reduce the rate of interest thereon or extend the time of payment of interest

thereon, without the consent of the Owner of each Bond then Outstanding so affected; or (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any other lien on the Trust Estate, or deprive the Owners of the Bonds of the lien of the pledge made pursuant to the Indenture on the Trust Estate (except as expressly provided in the Indenture), in each case without the consent of the Owners of all of the Bonds then Outstanding.

(b) The Indenture and the rights and obligations of NCPA, the Trustee and the Owners of the Bonds may also be modified or amended in any respect from time to time and at any time by a Supplemental Indenture or Supplemental Indentures, which NCPA and the Trustee may enter into without the consent of any Owner of Bonds, but only to the extent permitted by law and so long as such modification or amendment shall not materially, adversely affect the interests of the Owners of the Bonds for any one or more of the following purposes:

(i) to add to the covenants and agreements of NCPA contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon NCPA;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as NCPA may deem necessary or desirable;

(iii) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to make modifications or adjustments necessary or desirable to provide for the issuance of variable rate indebtedness, Option Bonds or Parity Debt, subject to the provisions of the Indenture;

(v) to modify, amend or supplement the Indenture in any other respect.

The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by as described in paragraphs (a) and (b) above which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Notwithstanding anything in the Indenture to the contrary, the terms and provisions of the Indenture and the rights and obligations of NCPA, the Trustee, and of the Owners of the Bonds Outstanding thereunder may be modified or amended in any respect upon the execution and filing by NCPA of a Supplemental Indenture and the written consent of the Owners of all of the Bonds then Outstanding.

Defeasance

If NCPA shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal amount or Redemption Price, if any, of the Bonds, and interest due or to become due on the Bonds, at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of NCPA to the

Owners (other than the covenants set forth in the Indenture), shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds, or interest installments on Bonds, for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit pursuant to the Indenture of funds for such payment or redemption or otherwise) at the maturity, Redemption Date, or interest payment date thereof, as applicable, shall be deemed to have been paid within the meaning and with the effect expressed in the Indenture. Any Outstanding Bond (or any portion thereof in an Authorized Denomination) shall prior to the maturity or Redemption Date thereof be deemed to have been paid within the meaning and with the effect expressed in the Indenture (except that the obligations under the Indenture with respect to the payment of the principal amount of the Bonds and the interest on the Bonds from the sources provided, to transfer and exchange Bonds and to giving the notices of the redemption of Bonds to be redeemed as provided in the Indenture shall continue) if (1) in case said Bond (or portion thereof) is to be redeemed on any date prior to maturity, NCPA shall have given to the Trustee irrevocable instructions to give notice of redemption of such Bond (or portion thereof) on said date as provided in the Indenture, (2) there shall have been deposited with the Trustee either moneys (including moneys withdrawn and deposited pursuant to the Indenture) in an amount which shall be sufficient, or Defeasance Securities issued or held in book-entry form) the principal of and the interest on which when due shall provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, in each case as evidenced by an Accountant's Certificate, to pay when due the principal amount or Redemption Price, as applicable, of said Bond (or portion thereof) and interest due and to become due on said Bond (or portion thereof) on and prior to the Redemption Date or maturity date thereof, as the case may be, and (3) if such Bond (or portion thereof) is not to be paid or redeemed within 60 days of the date of the deposit required by (2) above, NCPA shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, by first-class mail, postage prepaid, to the Owners of such Bond, at the last address, if any, appearing upon the Bond Register, a notice that the deposit required by (2) above has been made with the Trustee and that said Bond (or the applicable portion thereof) is deemed to have been paid in accordance with the Indenture and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal amount or Redemption Price, as applicable, of said Bond. Any notice given pursuant to the Indenture with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity shall specify the letter and number or other distinguishing mark of each such Bond. Any notice given pursuant to the Indenture with respect to less than the full principal amount of a Bond shall specify the principal amount of such Bond which shall be deemed paid pursuant to the Indenture and notify the Owner of such Bond that such Bond must be surrendered. The receipt of any notice required by the Indenture shall not be a condition precedent to the payment of Bonds in accordance with the Indenture and the failure of any Owner to receive any such notice shall not affect the validity of the proceedings for the payment of Bonds in accordance with the Indenture. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal amount or Redemption Price, as applicable, of said Bonds and the interest thereon; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (A) to the extent such cash shall not be required at any time for such purpose, as evidenced by an Accountant's Certificate, shall be paid over upon the written direction of an Authorized NCPA Representative as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Indenture, and (B) to the extent such cash shall be required for such purpose at a later date, shall, to the extent practicable, at the written direction of an Authorized NCPA Representative, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal amount or Redemption Price, as applicable, of said Bonds and the interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over as received by the Trustee, free

and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Indenture.

Nothing in the Indenture shall prevent NCPA from substituting for the Defeasance Securities held for the payment or redemption of Bonds (or portions thereof) other Defeasance Securities which, together with the moneys held by the Trustee for such purpose, as evidenced by an Accountant's Certificate, shall be sufficient to pay when due the principal amount or Redemption Price, as applicable, of the Bonds (or portions thereof) to be paid or redeemed, and the interest due and to become due on the Bonds (or portions thereof) to be paid or redeemed at the times established with the initial deposit of Defeasance Securities for such purpose provided that NCPA shall deliver to the Trustee an Opinion of Bond Counsel to the effect that such substitution will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date shall, at the written request of an Authorized NCPA Representative be repaid by the Fiduciary to NCPA, as its absolute property and free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Indenture, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to NCPA for the payment of such Bonds; provided, however, that before being required to make any such payment to NCPA the Fiduciary shall, at the expense of NCPA, mail, postage prepaid to the Owners of such Bonds, at the last address, if any, appearing upon the Bond Register a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to NCPA.

If there shall be deemed paid pursuant to the Indenture less than all of the full principal amount of a Bond, NCPA shall execute and the Trustee shall authenticate and the Bond Registrar shall deliver, upon the surrender of such Bond, without charge to the Owner of such Bond, a new Bond or Bonds for the principal amount of the Bond so surrendered which is deemed paid pursuant to the Indenture and another new Bond or Bonds for the balance of the principal amount of the Bond so surrendered, in each case of like terms, and maturity in any of the Authorized Denominations.

Moneys Held for Particular Bonds

Except as otherwise provided in the Indenture, the amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto. No Fiduciary shall be liable to any Owner, NCPA or any other person for interest on amounts so held in trust.

Interested Parties

Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than NCPA, the Fiduciaries, each issuer of a Financial Guaranty and the Owners of the Bonds, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of NCPA shall be for the sole and exclusive benefit of NCPA, the Fiduciaries, each issuer of a Financial Guaranty, and the Owners of the Bonds.

No Recourse on the Bonds

Neither the commissioners, directors, officers or employees of NCPA shall be individually liable on the Bonds or in respect of any undertakings by NCPA under the Indenture.

Summary of Certain Provisions of the Unit One Member Agreement

The following is a summary of certain provisions of the Unit One Member Agreement. This summary is not to be considered a full statement of the terms of the Unit One Member Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not defined in this summary or elsewhere in the Official Statement have the respective meanings set forth in the Unit One Member Agreement.

Defined Terms

“Bond Resolution” means an instrument providing for the issuance of bonds and the terms thereof and may be a resolution, indenture of trust, order, agreement or other instrument.

“Bonds” means bonds, notes or other evidences of indebtedness of NCPA (including, without limitation, contracts relating to letters of credit or other credit enhancement devices, interest rate swap and other agreements relating to interest rate or other cash-flow exchanges such as those authorized by the Public Finance Contracts Law, and other contracts which are characterized as debt by NCPA at or prior to the execution thereof) issued to finance or refinance the Project and to finance or refinance any contributions-in-aid-of-construction for construction necessary for the adjacent electric system to interconnect with the Project and includes additional bonds to complete the Project and may consist of that portion of an issue of NCPA bonds, notes or other evidences of indebtedness issued to finance the Costs of the Project, which is specifically identified as Bonds for purposes of the Unit One Member Agreement in the applicable Bond Resolution. For purposes of the Unit One Member Agreement, Bonds will be considered outstanding as of any date if such Bonds have not been paid or if provision for the payment of the principal, premium, if any, and interest on such Bonds has not been made in accordance with the Bond Resolution pursuant to which such Bonds have been authorized.

“Electric System” means, with respect to each Project Participant, all properties and assets, real and personal, tangible and intangible, of the Project Participant now or hereafter existing, used or pertaining to the generation, transmission, transformation, distribution and sale of electric capacity and energy, including all additions, extensions, expansions, improvements and betterments thereto and equipment thereof; provided, however, that to the extent the Project Participant is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above described electric purposes, only the Project Participant’s ownership interest in such asset or property or only the part of the asset or property so used for electric purposes will be considered to be part of its Electric System.

“Project” means a combustion turbine, electric generating resource with a nameplate capacity of approximately 49 megawatts located in the City of Lodi, California and related facilities and interests, including electric facilities necessary for the Project to interconnect with the adjacent electric system and all rights, properties and improvements necessary therefor, including fuel and water facilities and resources and rights thereto or therein, and capital improvements thereto (including replacement of the generating unit presently included in the Project but excluding any additional generating units unless specifically approved by each of the Project Participants) that may be constructed from time to time.

“Project Participation Percentage” means, with respect to each Project Participant, the percentage of the total capacity of the Project, and the energy associated with such capacity, to which such Project Participant is entitled pursuant to the terms of the Unit One Member Agreement.

“Project Participant” means each of the NCPA members executing the Unit One Member Agreement, together in each case with their respective successors or assigns.

“Public Finance Contracts Law” means Chapter 12 of Division 6 of Title 1 of the Government Code of the State of California, as the same may be amended and supplemented from time to time, and shall include any successors to such statute.

“Revenues” means, with respect to each Project Participant, all income, rents, rates, fees charges, and other moneys derived by the Project Participant from the ownership or operation of its Electric System, including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges or other moneys derived from the sale, furnishing, and supplying of electric capacity and energy and other services, facilities, and commodities sold, furnished, or supplied through the facilities of its Electric System, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or pursuant to law to its Electric System, and (iii) the proceeds derived by the Project Participant directly or indirectly from the sale, lease or other disposition of all or a part of the Electric System as permitted by the Unit One Member Agreement, but the term “Revenues” shall not include (y) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the Project Participant or (z) contributions from customers for the payment of costs of construction of facilities to serve them.

“Trustee” means the entity or entities designated by NCPA as the Trustee under any Bond Resolution.

Purpose

The purpose of the Unit One Member Agreement is to provide the terms and conditions of the financing, construction and operation of the Project by NCPA and the sale by NCPA, and the purchase by the Project Participants, of the capacity and associated energy of the Project.

Construction and Financing of the Project

NCPA will use its best efforts to cause or accomplish the construction and financing of the Project, including obtaining all necessary authority and rights, and the performance of all things necessary and convenient therefor.

Each Project Participant will cooperate with NCPA to that end and will give any and all clarifying assurances by executing supplemental agreements that may be requested by NCPA’s legal counsel to make the obligations therein more specific, to satisfy legal requirements and provide security for the Bonds.

Obligation to Make Project Capacity and Energy Available

(a) Pursuant to the terms of the Unit One Member Agreement, NCPA will make available or cause to be made available and each Project Participant will be entitled to receive such Project Participant’s Project Participation Percentage of the capacity and energy of the Project. Subject to the terms of the Unit One Member Agreement, and any directions of the Project Participants pursuant thereto,

NCPA will operate the Project, or cause the Project to be operated, in accordance with the principles contained in the any applicable NCPA Facilities Agreement of the parties.

(b) NCPA will remain available to do all things necessary and practical to deliver or cause to be delivered to or for the Project Participants, in accordance with their respective Project Participation Percentages of the capacity and energy of the Project. Such delivery will be at points mutually agreed upon by NCPA and each Project Participant. NCPA will remain available to make or cause to be made all necessary and practical arrangements for transmission of such capacity and energy to such points over the lines of NCPA or others. Wheeling or delivery services by NCPA with related energy sales to the Project Participants will be as provided in service schedules as provided in the NCPA member service agreement applicable to the respective Project Participants.

Rates and Charges

(a) NCPA will fix charges to the Project Participants under the Unit One Member Agreement to produce revenues to NCPA for capacity and energy of the Project equal to the amounts anticipated to be needed by NCPA to meet the total costs of NCPA to provide capacity and energy from the Project, including but not limited to (i) debt service on the Bonds and other payments required under the Bond Resolutions other than payments described in (ii) and (iii) below; (ii) any other operation, maintenance and replacement costs of the Project, including the cost of fuel, a reasonable reserve for contingencies, and all other Project costs other than costs not described in (i) above or (iii) below; and (iii) costs and expenses of NCPA for delivering Project capacity and energy pursuant to the Unit One Member Agreement. NCPA will fix charges to the Project Participants to produce revenues to NCPA from the Project to meet the costs described in (i) and (ii) above based on Project Participation Percentages. If NCPA delivers Project capacity and energy to or for any Project Participant pursuant to the Indenture, NCPA will fix charges to each such Project Participant so that such Project Participant will pay only the costs described in (iii) above which are attributable to such Project Participant.

(b) To the extent that the funds provided as described under paragraph (a) above at any time and for any reason are not sufficient for such purposes, each Project Participant will pay to NCPA an amount equal to such Project Participant's Project Participation Percentage of the total cost to pay the debt service on the Bonds and all other payments required under the Bond Resolutions. The obligations described in this paragraph (b) are incurred by each Project Participant for the benefit of future holders of Bonds, and will commence and continue to exist and be honored by Project Participants whether or not capacity or energy from the Project is furnished to them at all times or at all and constitutes an obligation to pay all costs whether or not such capacity and energy is made available or delivered or provided.

(c) Each Project Participant will make payments under the Unit One Member Agreement solely from the Revenues of, and as an operating expense of, its Electric System. Nothing in the Unit One Member Agreement will be construed as prohibiting any Project Participant from using any other funds and revenues for purposes of satisfying any provisions of the Unit One Member Agreement.

(d) Each Project Participant will make payments under the Unit One Member Agreement whether or not the Project or any part thereof is completed, operable, operating or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of Project output or the Project capacity and energy contracted for in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether by offset or otherwise, and are not conditioned upon performance by NCPA or any other Project Participant under the Unit One Member Agreement or any other agreement.

(e) No Project Participant will be liable under the Unit One Member Agreement for the obligations of any other Project Participant. Each Project Participant will be solely responsible and liable for performance of its obligations under the Unit One Member Agreement and for the maintenance and operation of its respective Electric System. The obligation of each Project Participant to make payments under the Unit One Member Agreement is a several obligation and not a joint obligation with those of the other Project Participants.

(f) Each Project Participant covenants that it will, at all times, operate the properties of its Electric System and the business in connection therewith in an efficient manner and at reasonable cost and will maintain its Electric System in good repair, working order and condition.

(g) Each Project Participant covenants to establish and collect fees and charges for electric capacity and energy furnished through facilities of its Electric System sufficient to provide Revenues adequate to meet its obligations under the Unit One Member Agreement and to pay any and all other amounts payable from or constituting a charge and lien or encumbrance upon any or all such Revenues; provided that the obligation of the Project Participant to make payments under the Unit One Member Agreement will not constitute a legal or equitable pledge, lien or encumbrance upon any property of the Project Participant or upon any of its income, receipts or revenues; and further provided that neither the Project Participants nor the State of California or any agency or political subdivision thereof will ever be obligated or compelled to levy ad valorem taxes to make the payments provided for in the Unit One Member Agreement.

Budgets and Billing Statements

The Commission of NCPA is required to establish an annual budget, and to give notice to each Project Participant of its projected share of costs and expenses. Project Participants' costs for amounts due are pursuant to the Unit One Member Agreement and in such amounts that NCPA will receive moneys in time to make all payments required by the Bond Resolutions when due.

Obligation in the Event of Default

(a) Upon the failure of any Project Participant to make any payment in full when due under the Unit One Member Agreement, NCPA will make written demand upon such Project Participant, and if said failure is not remedied within 30 days from the date of such demand, such failure will constitute a default at the expiration of such 30-day period.

(b) Upon the failure of any Project Participant to perform any of its obligations under the Unit One Member Agreement, except for the obligation to make any payment in full when due under the Unit One Member Agreement, NCPA will give such Project Participant written notice of such failure and if such failure is not remedied within 60 days from the date of such notice, such failure will constitute a default at the expiration of such 60-day period. A copy of any such notice will be provided to each other Project Participant by NCPA.

(c) In addition to the rights and remedies available to NCPA described in paragraph (d) below, NCPA may protect and enforce its rights under the Unit One Member Agreement by suit or suits in equity or at law, whether for the specific performance of any covenant in the Unit One Member Agreement or for damages or in aid of the execution of any power granted under the Unit One Member Agreement or any other remedy available under any provision of applicable law. No remedy by the terms of the Unit One Member Agreement conferred upon or reserved to NCPA is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every

other remedy given under the Unit One Member Agreement or existing at law or in equity or by statute on or after the effective date of the Unit One Member Agreement.

(d) Upon the failure of any Project Participant to make any payment which failure constitutes a default described under paragraph (a) above, each Project Participant severally agrees that, (i) the Project Participation Percentage of each nondefaulting Project Participant will be automatically increased for the remaining term of the Unit One Member Agreement pro rata with those of the other nondefaulting Project Participants and (ii) the defaulting Project Participant's Project Participation Percentage will be reduced correspondingly; provided, however, that the sum of such increases for any nondefaulting Project Participant will not exceed, without written consent of such nondefaulting Project Participant, an accumulated maximum of 25% of the nondefaulting Project Participant's original Project Participation Percentage.

(e) Each nondefaulting Project Participant which has its Project Participation Percentage increased as described in paragraph (d) above will be entitled to the rights which the defaulting Project Participant loses upon the default with respect to such Project Participation Percentage and will assume, subject to the terms of the Unit One Member Agreement, all of the obligations of the defaulting Project Participant with respect to such Project Participation Percentage under the Unit One Member Agreement. Increases in the Project Participation Percentages of the nondefaulting Project Participants will be applicable to any payments due and not paid by the defaulting Project Participant at the time of the increase and all subsequent payments due and not paid by the defaulting Project Participant.

(f) If any Project Participant's Project Participation Percentage is increased as described in paragraph (d) above, the defaulting Project Participant will not be relieved of any of its obligations or liabilities under the Unit One Member Agreement and each Project Participant whose Project Participation Percentage is so increased will have a right of recovery from the defaulting Project Participant to the extent of any damages sustained as a result of such default and the respective increase in Project Participation Percentage caused by the defaulting Project Participant.

(g) NCPA may pledge and assign the Unit One Member Agreement and any or all of its right, title and interest in, to and under the Unit One Member Agreement, including without limitation NCPA's rights to receive all or any portion of the payments under the Unit One Member Agreement from Project Participants, to secure the payment of Bonds. Notwithstanding any other provision of the Unit One Member Agreement, upon notice from NCPA each Project Participant will make payments due by it under the Unit One Member Agreement directly to a Trustee for Bonds specified in such notice. Such pledge and assignment by NCPA will be made effective for such time will be provided in the applicable Bond Resolution.

(h) Any Trustee for Bonds will have the right, as a third party beneficiary, to initiate and maintain suit to enforce the Unit One Member Agreement to the extent provided in the applicable Bond Resolution.

Transfers, Sales and Assignments of Capacity

Each Project Participant has full and unfettered rights to make transfers, sales, assignments and exchanges (collectively, "transfers") of such Project Participant's Project Participation Percentage of Project capacity, energy, and rights thereto except as expressly provided otherwise in the applicable NCPA Facilities Agreement of the parties and the Unit One Member Agreement. Except as provided in the Unit One Member Agreement, such transfers will not affect any of the obligations of the Project Participants under the Unit One Member Agreement.

Surplus Capacity and Energy

When a Project Participant has surplus capacity and/or energy from the Project, NCPA will, if requested by such Project Participant to do so, use its best efforts to sell such surplus capacity and/or energy on behalf of such Project Participant in the manner set forth in the Unit One Member Agreement.

Notwithstanding the sale by NCPA of all or a portion of a Project Participant's surplus Project capacity and/or energy, the Project Participant will remain liable to NCPA to pay the full amount of its share of Project costs, determined as provided in the Unit One Member Agreement, as if such sale had not been made, except that such liability will be reduced to the extent that NCPA shall receive payment from the purchaser of such surplus Project capacity and/or energy.

Insurance and Indemnification

NCPA will obtain and continue in force, or cause to be obtained and continued in force, property insurance for the Project and liability insurance with respect to the Project, covering such risks (including earthquakes) in such amounts and with such deductibles as will be determined by NCPA. NCPA will indemnify and hold harmless each Project Participant from any liability for personal injury or property damage resulting from any accident or occurrence arising out of or in any way related to the construction or operation of the Project; provided, however, that such indemnification by NCPA will be limited to the extent the proceeds of insurance and other moneys are available to NCPA for such purposes.

Project Participant Direction and Review

NCPA will comply with all lawful directions of the Project Participants with respect to the Project, while not stayed or nullified, to the fullest extent authorized by law and to the extent such directions are not inconsistent with, and do not impair NCPA's ability to perform its obligations under, any Bond Resolution.

While NCPA will own, operate and maintain the Project in accordance with the Unit One Member Agreement, in recognition of the Project Participants' interest in the Project, NCPA agrees that it will take no action with respect to the Project pursuant to the authorization or approval of its Commission if an authorized representative of a Project Participant requests that such authorization or approval be based upon Project Participation Percentages and such authorization or approval does not receive the affirmative vote of authorized representatives representing Project Participants then having a combined Project Participation Percentage of at least 65%.

An Project Participant may veto any authorization or approval of the Commission relating to the Project that was not taken by a 65% or greater Project Participation Percentage vote within 10 days following the mailing of notice of such Commission action, by delivering a written notice of veto to NCPA, unless at a meeting of the Commission called for the purpose of considering the veto and held within 30 days after delivery of such written notice of veto, the Commissioners representing Project Participants having a combined Project Participation Percentage of at least 65% at such time shall vote to override the veto.

The 65% of Project Participation Percentage specified in the two preceding paragraphs shall be reduced by the amount that the Project Participation Percentage of any Project Participant shall exceed 35% but such 65% shall not be reduced below a majority of the Project Participation Percentages of all Project Participants.

Term

The term of the Unit One Member Agreement will continue until the later of (i) the expectation of the useful life of the Project or (ii) the date on which no Bonds remain outstanding.

Termination and Amendments

The Unit One Member Agreement will not be subject to termination by any party under any circumstances prior to the term specified above, whether based upon the default of any other party under the Unit One Member Agreement, the release of any party of any of its obligations under the Unit One Member Agreement or for any other cause whatsoever.

So long as any Bonds are outstanding an unpaid and funds are not set aside for the payment or retirement thereof in accordance with the applicable Bond Resolution, the Unit One Member Agreement will not be amended, modified or otherwise changed or rescinded by agreement of the parties without the consent of each Trustee for Bonds whose consent is required under the applicable Bond Resolution.

Member Service Agreement

The Unit One Member Agreement is a service schedule and a third phase agreement and shall be construed in accordance with the more specific terms governing the general relationship between NCPA and its members set out in the applicable NCPA Member Service Agreement in connection with the Project.

Tax Covenant

Neither NCPA nor any Project Participant will transfer, assign, sell or exchange any portion of the capacity and/or energy of the Project, or any other interest in the Project or the capacity and/or energy related thereto, directly or indirectly, in any manner, or will take, or to the extent it can control the same permit to be taken, any other action or actions, which would adversely affect the exclusion of the interest on any of the Bonds from gross income for federal income tax purposes under Section 103 of the Code, including without limitation, by reason of classification of any of such Bonds as a “private activity bond” within the meaning of said Code.

APPENDIX E

PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENTS

CONTINUING DISCLOSURE AGREEMENT
BY AND BETWEEN THE
NORTHERN CALIFORNIA POWER AGENCY
AND
U. S. BANK NATIONAL ASSOCIATION

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated December 20, 2019, is executed and delivered by the Northern California Power Agency and U.S. Bank National Association, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance by Northern California Power Agency (“NCPA”) of \$20,450,000 aggregate principal amount of Northern California Power Agency Capital Facilities Revenue Bonds, 2019 Refunding Series A (the “Bonds”). The Bonds have been issued pursuant to an Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), by and between NCPA and U.S. Bank National Association, as the Trustee. NCPA and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by NCPA and the Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report with respect to the Bonds provided by NCPA pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions regarding ownership of any Bonds (including without limitation persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the any of the Chairman, the General Manager, the Assistant General Manager, Finance and Administrative Services/Chief Financial Officer, and the Treasurer-Controller of NCPA or his or her designee, or such other officer or employee as NCPA shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean U.S. Bank National Association, acting solely in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by NCPA and which has filed with the Trustee a written acceptance of such designation.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access System or such other electronic system designated by the MSRB.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that

“financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) With respect to the Bonds, NCPA shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of each fiscal year of NCPA (which presently ends on June 30), commencing with the report for the Fiscal Year ending June 30, 2020, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of NCPA may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year changes for NCPA, NCPA shall give notice of such change prior to the next date by which NCPA otherwise would be required to provide its Annual Report pursuant to this Section and in the manner provided for giving notices under Section 5 hereof.

(b) Not later than fifteen (15) business days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Report to the MSRB, NCPA shall provide its Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report from NCPA, the Dissemination Agent shall contact NCPA and to determine if NCPA is in compliance with paragraph (a) of this Section 3.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in paragraph (a) of this Section 3, the Dissemination Agent shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) Upon the provision by the Dissemination Agent of any Annual Report to the MSRB pursuant to paragraph (a) of this Section 3, the Dissemination Agent shall deliver a confirmation in writing to NCPA certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION 4. Content of Annual Reports. NCPA's Annual Report shall contain or include by reference the following:

- (i) A summary of the peak generating capability of the Project for the prior Fiscal Year;
- (ii) A summary of the average generating capability of the Project for the prior Fiscal Year;
- (iii) A summary of total energy generated with respect to the Project for the prior Fiscal Year; and
- (iv) The audited financial statements of NCPA for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles for governmental enterprises as prescribed from time to time by any regulatory body with jurisdiction over NCPA and by the Governmental Accounting Standards Board. If NCPA's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to paragraph (a) of Section 3, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of NCPA or public entities related thereto, which have been submitted to the MSRB through the EMMA System or to the SEC. If the document included by reference is a final official statement, it must be available from the MSRB through the EMMA System. NCPA shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, upon the occurrence of any of the following events with respect to the Bonds, NCPA shall give, or cause to be given by so notifying the Dissemination Agent and instructing the Dissemination Agent to give, notice of occurrence of such event not later than ten (10) business days after the occurrence of the event, in each case, pursuant to paragraphs (b) and (c) of this Section 5, as applicable:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or the issuance by the Internal Revenue Service of a proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB), or other material notices or determinations

by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

- (7) modifications to rights of the holders of the Bonds, if material;
- (8) optional, unscheduled or contingent Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of NCPA or an obligated person (as defined in the Rule) with respect to the Bonds of which NCPA has actual knowledge;
- (13) the consummation of a merger, consolidation, or acquisition involving NCPA or an obligated person (as defined in the Rule) with respect to the Bonds of which NCPA has actual knowledge or the sale of all or substantially all of the assets of NCPA or any such obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of NCPA with respect to the Project, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of NCPA with respect to the Project, any of which affect holders of the Bonds, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of NCPA with respect to the Project, any of which reflect financial difficulties.

For these purposes, (i) any event described in subparagraph (12) of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of

the assets or business of the obligated person; and (ii) NCPA intends to comply with the provisions hereof for the Listed Events described in subparagraphs (15) and (16) of this Section 5(a), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

(b) Whenever NCPA obtains knowledge of the occurrence of a Listed Event described in paragraph (a) of this Section 5, NCPA shall either (i) promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence pursuant to Section 5(c) below or (ii) shall itself file a notice of such occurrence with the MSRB through the EMMA System.

(c) If the Dissemination Agent has been instructed by NCPA to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through the EMMA System.

(d) Any notice required by this Section 5 to be provided to the MSRB shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB. Notwithstanding the foregoing provisions of this Section 5, notice of Listed Events described in subparagraphs (8) and (9) of Section 5(a) above need not be given under this Section 5(d) any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The obligations of NCPA under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds and with respect to any Bonds upon the maturity, defeasance, prior redemption or payment in full of such Bonds.

SECTION 7. Dissemination Agent. NCPA may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by NCPA pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be U. S. Bank National Association. NCPA shall be responsible for all fees and associated expenses of the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, NCPA and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived; provided that such amendment or waiver, in the opinion of nationally recognized bond counsel satisfactory to the Dissemination Agent, such amendment or waiver is permitted by the Rule.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, NCPA shall describe such amendment in its next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by NCPA. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the manner as provided under Section 5, and (ii) the Annual Report for the year in which the change is made should present a

comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent NCPA from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If NCPA chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, NCPA shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of NCPA or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Owners of at least 25% aggregate principal amount of Outstanding Bonds and the furnishing by such Owners of indemnity satisfactory to the Trustee against its costs and expenses, including, without limitation, fees and expenses of its attorneys, shall), or any Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause NCPA or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of NCPA or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

No Owner or Beneficial Owner may institute any such action, suit or proceeding to compel performance unless they shall have first filed with the Dissemination Agent and NCPA satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and NCPA shall have refused to comply therewith within a reasonable time. Any such action, suit or proceeding shall be brought in federal or state courts located in the County of Sacramento, California for the benefit of all Owners and Beneficial Owners of the Bonds.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied, and the Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent NCPA has provided such information to the Dissemination Agent as required by this Agreement. The Dissemination Agent shall not have any liability under, nor duty to inquire into the terms and provisions of, any agreement or instructions, other than as outlined in this Agreement. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Dissemination Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Dissemination Agent shall not be liable for any action taken or omitted by it in good faith unless a court of competent jurisdiction determines that the Dissemination Agent's negligence or willful misconduct was the primary cause of any loss to NCPA. The Dissemination Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by NCPA. In the administration of this Agreement, the Dissemination Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Dissemination Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or

other skilled persons. The Dissemination Agent may resign and be discharged from its duties or obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. Any corporation or association into which the Dissemination Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Dissemination Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Dissemination Agent in its individual capacity may be sold or otherwise transferred, shall be the Dissemination Agent under this Agreement without further act. NCPA covenants and agrees to hold the Dissemination Agent and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Dissemination Agent is authorized to rely pursuant to the terms of this Agreement. In addition to and not in limitation of the immediately preceding sentence, NCPA also covenants and agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Dissemination Agent's performance under this Agreement provided the Dissemination Agent has not acted with negligence or engaged in willful misconduct. Anything in this Agreement to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Dissemination Agent has been advised of such loss or damage and regardless of the form of action. The obligations of NCPA under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with NCPA, apart from the relationship created by the Rule, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from NCPA. Nothing in this Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information made public. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to NCPA for response. NCPA shall pay or reimburse the Dissemination Agent for its fees and expenses for the Dissemination Agent's services rendered in accordance with this Agreement. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for NCPA, the Owner or any other party.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of NCPA, the Trustee, the Dissemination Agent, the Participating Underwriters and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. California Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 14. Notices. All written notices to be given hereunder shall be given in person or by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

To NCPA: Northern California Power Agency
651 Commerce Drive
Roseville, California 95678
Attention: General Manager
Telephone: (916) 781-3636
Fax: (916) 783-7693

To the Dissemination Agent: U. S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Department
Telephone: (212) 361-4385
Fax: (212) 514-6841

NCPA and the Dissemination Agent may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed the Disclosure Agreement to be executed as of the date set forth above.

NORTHERN CALIFORNIA POWER AGENCY

By: _____
Its: General Manager

U. S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Northern California Power Agency (“NCPA”)

Name of Bond Issue: Northern California Power Agency
Capital Facilities Revenue Bonds,
2019 Refunding Series A (the “Bonds”)

Date of Issuance: December 20, 2019

NOTICE IS HEREBY GIVEN that NCPA has not provided an Annual Report with respect to the Bonds as required by Section 3 of the Continuing Disclosure Agreement with respect to the Bonds, dated December 20, 2019, by and between NCPA and U. S. Bank National Association, as Dissemination Agent. [NCPA anticipates that the Annual Report will be filed by _____.]

Dated: _____

U. S. BANK NATIONAL ASSOCIATION, as
Dissemination Agent on behalf of the Northern
California Power Agency

cc: NCPA

**CONTINUING DISCLOSURE AGREEMENT
BY AND BETWEEN THE
[SIGNIFICANT SHARE PROJECT PARTICIPANT]
AND
U. S. BANK NATIONAL ASSOCIATION**

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated December 20, 2019, is executed and delivered by the [SIGNIFICANT SHARE PROJECT PARTICIPANT] (the “Project Participant”) and U.S. Bank National Association, as dissemination agent (the “Dissemination Agent”) in connection with the issuance by Northern California Power Agency (“NCPA”) of its Northern California Power Agency Capital Facilities Revenue Bonds, 2019 Refunding Series A (the “Bonds”). The Bonds have been issued pursuant to an Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), by and between NCPA and the U.S. Bank National Association, as the Trustee. The Project Participant and the Dissemination Agent covenant and agree as follows:

SECTION 16. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Project Participant and the Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 17. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report with respect to the Bonds provided by the Project Participant pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions regarding ownership of any Bonds (including without limitation persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the [Electric Utility Director] [General Manager] of the Project Participant, or his or her designee, or such other officer or employee as the Project Participant shall designate in writing to NCPA and the Trustee from time to time.

“Dissemination Agent” shall mean U.S. Bank National Association, acting solely in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Project Participant and which has filed with NCPA and the Trustee a written acceptance of such designation.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access System or such other electronic system designated by the MSRB.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument, in each case, which “financial obligation” is payable from revenues of the Project Participant’s electric system; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 18. Provision of Annual Reports.

(a) With respect to the Bonds, the Project Participant shall, or shall cause the Dissemination Agent to, not later than 210 days after the end of each fiscal year of the Project Participant (which presently ends on June 30), commencing with the report for the Fiscal Year ending June 30, 2019, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the Project Participant may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year changes for the Project Participant, the Project Participant shall give notice of such change prior to the next date by which the Project Participant otherwise would be required to provide its Annual Report pursuant to this Section and in the manner provided for giving notices under Section 5 hereof.

(b) Not later than fifteen (15) business days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Report to the MSRB, the Project Participant shall provide its Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report from the Project Participant, the Dissemination Agent shall contact the Project Participant to determine if the Project Participant is in compliance with paragraph (a) of this Section 3.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in paragraph (a) of this Section 3, the Dissemination Agent shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) Upon the provision by the Dissemination Agent of any Annual Report to the MSRB pursuant to paragraph (a) of this Section 3, the Dissemination Agent shall deliver a confirmation in writing to the Project Participant certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION 19. Content of Annual Reports. The Project Participant's Annual Report shall contain or include by reference the following:

- (i) A summary of the operating results and selected balance sheet information for the Project Participant's electric system for the most recently completed fiscal year;
- (ii) A summary of power supply resources of the Project Participant's electric system in tabular form for the most recently completed fiscal year;
- (iii) A summary of customers, energy sales, revenues and peak demand of the Project Participant's electric system in tabular form for the most recently completed fiscal year; and
- (iv) The audited financial statements of the Project Participant's electric utility fund for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles for governmental enterprises as prescribed from time to time by any regulatory body with jurisdiction over the Project Participant and by the Governmental Accounting Standards Board. If the Project Participant's electric utility fund audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Project Participant or public entities related thereto, which have been submitted to the MSRB through the EMMA System or to the SEC. If the document included by reference is a final official statement, it must be available from the MSRB through the EMMA System. The Project Participant shall clearly identify each such other document so included by reference.

SECTION 20. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, upon the occurrence of any of the following events with respect to the Project Participant, the Project Participant shall give, or cause to be given by so notifying the Dissemination Agent and instructing the Dissemination Agent to give, notice of occurrence of such event not later than ten (10) business days after the occurrence of the event, in each case, pursuant to paragraphs (b) and (c) of this Section 5, as applicable:

- (1) bankruptcy, insolvency, receivership or similar event of the Project Participant;
- (2) the consummation of a merger, consolidation, or acquisition involving the Project Participant or the sale of all or substantially all of the electric system assets of the Project Participant, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (3) incurrence of a Financial Obligation of the Project Participant payable from revenues of the Project Participant's electric system, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Project Participant

payable from revenues of the Project Participant's electric system, any of which affect holders of the Bonds, if material; or

- (4) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Project Participant, any of which reflect financial difficulties.

For these purposes, (i) any event described in subparagraph (1) of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Project Participant in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Project Participant or its electric system, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Project Participant or its electric system; and (ii) the Project Participant intends to comply with the provisions hereof for the Listed Events described in subparagraphs (3) and (4) of this Section 5(a), and the definition of "Financial Obligation" in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

(b) Whenever the Project Participant obtains knowledge of the occurrence of a Listed Event described in paragraph (a) of this Section 5, the Project Participant shall either (i) promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence pursuant to Section 5(c) below or (ii) shall itself file a notice of such occurrence with the MSRB through the EMMA System.

(c) If the Dissemination Agent has been instructed by the Project Participant to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through the EMMA System.

(d) Any notice required by this Section 5 to be provided to the MSRB shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 21. Termination of Reporting Obligation. The obligations of the Project Participant under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds and with respect to any Bonds upon the maturity, defeasance, prior redemption or payment in full of such Bonds.

SECTION 22. Dissemination Agent. The Project Participant may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Project Participant pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be U.S. Bank National Association. The Project Participant shall be responsible for all fees and associated expenses of the Dissemination Agent.

SECTION 23. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Project Participant and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived; provided that such amendment or waiver, in the opinion of nationally recognized bond counsel satisfactory to the Dissemination Agent, such amendment or waiver is permitted by the Rule.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Project Participant shall describe such amendment in its next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Project Participant. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the manner as provided under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 24. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Project Participant from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Project Participant chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Project Participant shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 25. Default. In the event of a failure of the Project Participant or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Owners of at least 25% aggregate principal amount of Outstanding Bonds and the furnishing by such Owners of indemnity satisfactory to the Trustee against its costs and expenses, including, without limitation, fees and expenses of its attorneys, shall), or any Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Project Participant or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Project Participant or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

No Owner or Beneficial Owner may institute any such action, suit or proceeding to compel performance unless they shall have first filed with the Dissemination Agent and the Project Participant satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Project Participant shall have refused to comply therewith within a reasonable time. Any such action, suit or proceeding shall be brought in federal or state courts located in the County of Sacramento, California for the benefit of all Owners and Beneficial Owners of the Bonds.

SECTION 26. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and no further duties or responsibilities shall be implied, and the Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Project Participant has provided such information to the Dissemination Agent as required by this Agreement. The

Dissemination Agent shall not have any liability under, nor duty to inquire into the terms and provisions of, any agreement or instructions, other than as outlined in this Agreement. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Dissemination Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Dissemination Agent shall not be liable for any action taken or omitted by it in good faith unless a court of competent jurisdiction determines that the Dissemination Agent's negligence or willful misconduct was the primary cause of any loss to the Project Participant. The Dissemination Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by the Project Participant. In the administration of this Agreement, the Dissemination Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Dissemination Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. The Dissemination Agent may resign and be discharged from its duties or obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. Any corporation or association into which the Dissemination Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Dissemination Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Dissemination Agent in its individual capacity may be sold or otherwise transferred, shall be the Dissemination Agent under this Agreement without further act. The Project Participant covenants and agrees to hold the Dissemination Agent and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Dissemination Agent is authorized to rely pursuant to the terms of this Agreement. In addition to and not in limitation of the immediately preceding sentence, the Project Participant also covenants and agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Dissemination Agent's performance under this Agreement provided the Dissemination Agent has not acted with negligence or engaged in willful misconduct. Anything in this Agreement to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Dissemination Agent has been advised of such loss or damage and regardless of the form of action. The obligations of the Project Participant under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Project Participant, apart from the relationship created by the Rule, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Project Participant. Nothing in this Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information made public. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the Project Participant for response. The Project Participant shall pay or reimburse the Dissemination Agent for its fees and expenses for the Dissemination Agent's services rendered in accordance with this Agreement. The Dissemination Agent shall have no duty or obligation to review any information

provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Project Participant, the Owner or any other party.

SECTION 27. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Project Participant, the Trustee, the Dissemination Agent, the Participating Underwriters and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 28. California Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 29. Notices. All written notices to be given hereunder shall be given in person or by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

To the Project Participant:

To the Dissemination Agent:

U. S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Department
Telephone: (212) 361-4385
Fax: (212) 514-6841

The Project Participant and the Dissemination Agent may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 30. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed the Disclosure Agreement to be executed as of the date set forth above.

**[SIGNIFICANT SHARE PROJECT
PARTICIPANT]**

By: _____
Name: _____
Title: _____

U. S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Northern California Power Agency (“NCPA”)

Name of Bond Issue: Northern California Power Agency
Capital Facilities Revenue Bonds,
2019 Refunding Series A (the “Bonds”)

Name of Obligated Party: [SIGNIFICANT SHARE PROJECT PARTICIPANT] (the “Project Participant”)

Date of Issuance: December 20, 2019

NOTICE IS HEREBY GIVEN that the Project Participant has not provided an Annual Report with respect to the Bonds as required by Section 3 of the Continuing Disclosure Agreement with respect to the Bonds, dated December 20, 2019, by and between the Project Participant and U. S. Bank National Association, as Dissemination Agent. [The Project Participant anticipates that the Annual Report will be filed by _____.]

Dated: _____

U. S. BANK NATIONAL ASSOCIATION, as
Dissemination Agent on behalf of the Northern
California Power Agency

cc: NCPA
Project Participant

APPENDIX F

PROPOSED FORMS OF BOND COUNSEL OPINION AND SPECIAL TAX COUNSEL OPINION

PROPOSED FORM OF BOND COUNSEL OPINION

Upon the delivery of the 2019 Series A Bonds, Norton Rose Fulbright US LLP, Los Angeles, California, proposes to render its final approving opinion with respect to the 2019 Series A Bonds in substantially the following form:

[Closing Date]

Commission
Northern California Power Agency
Roseville, California

Re: \$20,450,000 Northern California Power Agency
 Capital Facilities Revenue Bonds,
 2019 Refunding Series A

Ladies and Gentlemen:

We have acted as bond counsel to the Northern California Power Agency (the “Agency”) in connection with the issuance of \$20,450,000 aggregate principal amount of its Capital Facilities Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”). The 2019 Series A Bonds are being issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1, and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5, of the Government Code of the State of California (collectively, the “Bond Law”), and the Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The 2019 Series A Bonds are being issued to provide the funds necessary to refund the Agency’s outstanding Capital Facilities Revenue Bonds, 2010 Refunding Series A and related purposes.

In our capacity as bond counsel, we have reviewed the Bond Law, the Indenture, the Unit One Member Agreement, certifications of the Agency, the Trustee, the Project Participants and others, opinions of counsel to the Agency, the Trustee and to each Project Participant, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein.

We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency, and, with respect to the Unit One Member Agreement, the Project Participants. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the third paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Unit One Member Agreement. In addition, we call attention to the fact that the rights and obligations under the 2019 Series A Bonds, the Indenture and the Unit One Member Agreement, and the enforceability thereof, may be subject to bankruptcy, insolvency, receivership, reorganization, debt adjustment, fraudulent conveyance, moratorium, and other similar laws affecting creditors’ rights generally, to the application of general principles of equity,

including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California (including, but not limited to, rights of indemnification).

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2019 Series A Bonds constitute the valid and binding special, limited obligations of the Agency payable solely from, and secured solely by, the Trust Estate.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Agency. The Indenture creates a valid pledge of the Trust Estate to secure the payment of the principal and redemption price of, and the interest on, the Bonds, including the 2019 Series A Bonds, to the extent set forth in the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The 2019 Series A Bonds are payable solely from the funds provided in the Indenture and shall not constitute a charge against the general credit of the Agency. The 2019 Series A Bonds are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Agency or any of its income or receipts except the Trust Estate. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof, any member of the Agency or any Project Participant is pledged to the payment of the principal or redemption price of, or interest on, the 2019 Series A Bonds. The 2019 Series A Bonds are not a debt of the State of California, and said State or any public agency thereof (other than the Agency), any member of the Agency or any Project Participant is not liable for the payment thereof.

4. The Unit One Member Agreement has been duly executed and delivered by the Agency and the Project Participants and constitutes a valid and binding agreement of the parties thereto.

We express no opinion as to any federal, state or local tax consequences of the ownership or disposition of the 2019 Series A Bonds or the receipt of interest thereon.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the 2019 Series A Bonds.

Respectfully submitted,

PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL

Upon the delivery of the 2019 Series A Bonds, Nixon Peabody LLP, Special Tax Counsel to NCPA, proposes to render its tax opinion with respect to the 2019 Series A Bonds in substantially the following form:

[Closing Date]

Commission
Northern California Power Agency
Roseville, California

Re: \$20,450,000 Northern California Power Agency
 Capital Facilities Revenue Bonds,
 2019 Refunding Series A

Ladies and Gentlemen:

We have acted as special tax counsel to the Northern California Power Agency (the “Agency”) in connection with the issuance of \$20,450,000 aggregate principal amount of its Capital Facilities Revenue Bonds, 2019 Refunding Series A (the “2019 Series A Bonds”). The 2019 Series A Bonds are being issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1, and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5, of the Government Code of the State of California (collectively, the “Bond Law”), and the Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture. In rendering the opinions set forth below, we have relied upon the approving opinions of Norton Rose Fulbright US LLP, Bond Counsel to the Agency, delivered on even date herewith, relating among other things to the validity of the 2019 Series A Bonds.

The 2019 Series A Bonds are being issued to provide the funds necessary to refund the Agency’s outstanding Capital Facilities Revenue Bonds, 2010 Refunding Series A and related purposes.

In our capacity as special tax counsel, we have reviewed the Bond Law, the Indenture, the Unit One Member Agreement, the Agency’s Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 with respect to the 2019 Series A Bonds (the “Tax Certificate”), certifications of the Agency, the Trustee, the Project Participants and others, opinions of counsel to the Agency, the Trustee and to each Project Participant, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein.

We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency, and, with respect to the Unit One Member Agreement, the Project Participants. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the third paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Unit One Member Agreement. Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

The Internal Revenue Code of 1986 (the “Code”) sets forth certain requirements which must be met subsequent to the issuance and delivery of the 2019 Series A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2019 Series A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2019 Series A Bonds. Pursuant to the Indenture and the Tax Certificate, the Agency has covenanted not to take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion (if applicable) from gross income of the interest on the 2019 Series A Bonds under Section 103 of the Code. In addition, the Agency has made certain representations and certifications in the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Agency described above, interest on the 2019 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

We are also of the opinion that interest on the 2019 Series A Bonds is exempt from personal income taxes of the State of California under present law.

Except as stated in the preceding two paragraphs, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the 2019 Series A Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the 2019 Series A Bonds, or the interest thereon, if any action is taken with respect to the 2019 Series A Bonds or the proceeds thereof upon the advice or approval of other counsel

Very truly yours,

APPENDIX G

DEBT SERVICE REQUIREMENTS ON THE CAPITAL FACILITIES REVENUE BONDS

The following table shows the annual debt service required for the 2019 Series A Bonds, which are the only Capital Facilities Revenue Bonds to be Outstanding upon their delivery.

Bond Year Ending August 1	2019 Series A Bonds		
	Principal	Interest	Total
2020	\$ 2,575,000	\$ 627,701	\$ 3,202,701
2021	4,080,000	893,750	4,973,750
2022	4,365,000	689,750	5,054,750
2023	4,615,000	471,500	5,086,500
2024	4,815,000	240,750	5,055,750
Total	\$20,450,000	\$2,923,451	\$23,373,451

[THIS PAGE INTENTIONALLY LEFT BLANK]

